# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED
SEPTEMBER 30, 2016

**TOWN OF PROSPER, TEXAS**

*"PROSPER IS A PLACE WHERE EVERYONE MATTERS"*

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# Town of Prosper, Texas

*"Prosper is a place where everyone matters"*

# Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2016


**Prepared by the**

**Town of Prosper, Texas**
**Finance Department**

Kelly Neal – Director of Finance
Betty Pamplin– Accounting Manager


## Town Manager

Harlan Jefferson

## Town Council

Ray Smith, Mayor
Curry Vogelsang Jr., Mayor Pro-Tem
Jason Dixon, Deputy Mayor Pro-Tem
Kenneth Dugger, Council Member
Mike Davis, Council Member
Michael Korbuly, Council Member
Meigs Miller, Council Member

TOWN OF PROSPER

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# Town of Prosper, Texas

*"Prosper is a place where everyone matters"*

www.prospertx.gov


*Physical:* 121 W. Broadway
Prosper, TX 75078

*Mailing:* P.O. Box 307
Prosper, TX 75078

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**TOWN OF PROSPER, TEXAS**
Comprehensive Annual Financial Report
Year Ended September 30, 2016

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# INTRODUCTORY SECTION

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TOWN OF
PROSPER
"A Place Where Everyone Matters"

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March 14, 2017

To the Honorable Mayor, Members of Town Council, and
Citizens of the Town of Prosper, Texas

The Town's management staff is pleased to submit the Comprehensive Annual Financial Report ("CAFR") of the Town of Prosper ("Town") for the fiscal year ending September 30, 2016. The Town's management assumes responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures. To the best of our knowledge and belief, the enclosed data is accurate in all material respects. The data is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the Town. To enable the reader to gain an understanding of the Town's financial activities, all necessary disclosures have been included.

The Town is required to obtain an annual audit of the books of account, financial records, and transactions of all administrative departments of the Town. The Town's financial statements have been audited by McConnell and Jones, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town for the fiscal year ended September 30, 2016, are free of any material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was reasonable basis for rendering an unmodified opinion that the Town's financial statements for the fiscal year ended September 30, 2016, are fairly presented in conformity with Generally Accepted Accounting Principles ("GAAP"). The independent auditor's report is presented as the first component of the financial section of this report.

The CAFR is prepared in accordance with GAAP in the United States of America established by the Government Accounting Standards Board. The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the Town's organizational chart, and a list of principal officials. The financial section includes the management's discussion and analysis ("MD&A"), the government-wide and fund financial statements, notes to basic financial statements, required supplemental information, other supplemental information, as well as the independent auditor's report on the basic financial statements. The statistical section includes selected financial and demographic information, which is presented on a multi-year basis.

The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A can be found immediately following the independent auditor's report. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the MD&A.

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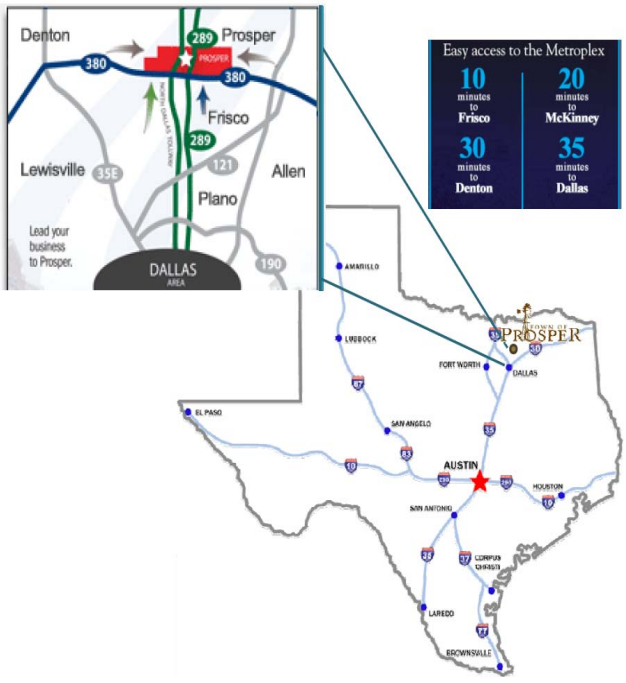
**The Reporting Entity**

The Town is a political subdivision and a home rule municipality under the laws of the state. A Home Rule Charter was approved by the voters of the Town at an election held November 7, 2006, and revised on May 14, 2011. The Town operates as a Council-Manager form of government with the Town Council comprised of the Mayor and six Council members. The term of office is three years. The Town Manager is the chief executive officer of the Town.

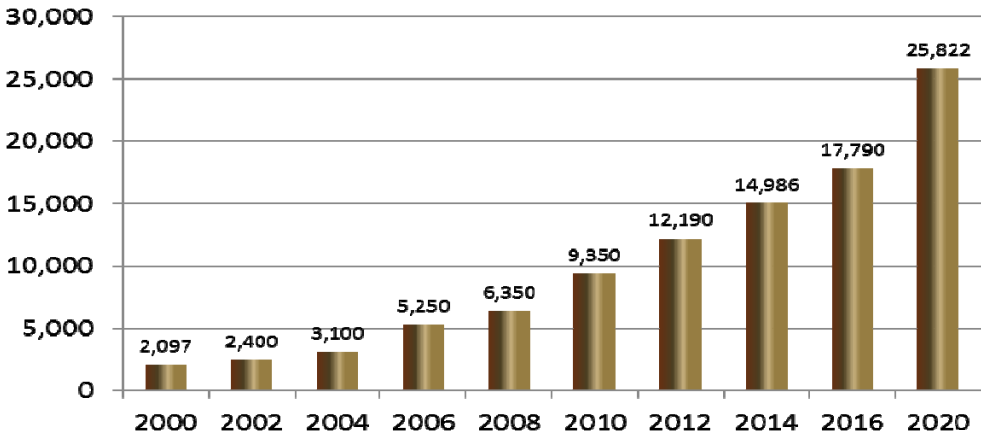
Services the Town provides include: public safety (police, fire protection, and dispatch), and municipal court, public streets, water/wastewater and storm drainage utilities, parks and recreation, library, public improvements, engineering, planning and zoning, building inspections and code compliance, economic development and general administrative services. Some services such as legal and solid waste/recycling are outsourced in full or in part to the private sector.

The Town is located in North Central Texas, and covers approximately 27 square miles of the Dallas/Fort Worth Metroplex ("DFW"). Prosper includes areas in Collin and Denton Counties, with most of the Town's population residing in Collin County. The Town is located at the crossroads of Preston Road and US Highway 380, and is just five minutes north of the bustling Dallas North Tollway cities of Frisco and Plano.




The Town is home to first rate education and state championship sports teams, picturesque ranches and other amenities. Access to the DFW area, coupled with a commitment to maintain a high standard of living has created rapid growth for the Prosper community. This pace is expected to increase sharply over the ensuing years.

The 2000 Census population for the Town was 2,097, and the 2017 estimate is 20,170.




Source: Population estimates to date are from North Central Texas Council of Governments. Future estimates are from Town of Prosper staff.

**History of Prosper**

Prosper began with the first settlers arriving in the area in 1846. Those who settled here were drawn to North Texas' fertile black prairie soil perfect for thriving cotton crops in a time when cotton was "King." Between 1850 and 1902, two settlements coexisted. One community, two miles south of the present town, was Rock Hill. The second community, one mile north, was Richland. The development of these small communities was expedited in 1876 when County Courts ordered small tracts of land to be established for quick sale. These tracts, approximately 160 acres in size, were sold for $3.50 per acre. Dr. A. T. Bryant of McKinney purchased one of the tracts, which later became the geographic nucleus for the Town of Prosper.

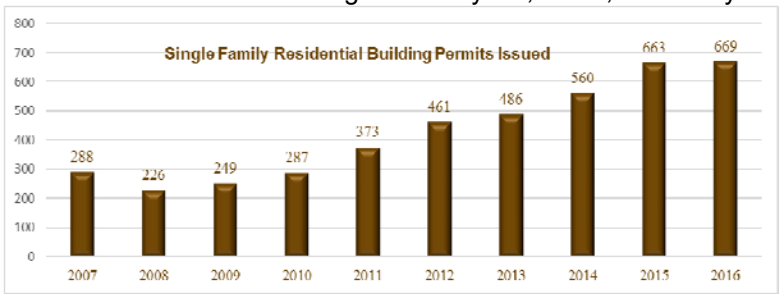
The establishment of the St. Louis & San Francisco Railroad in March of 1902 created the change that forced the communities of Rock Hill and Richland to merge forming the Town of Prosper. For years, Prosper was the central stop for the railroad between Dallas and Sherman. When community officials applied for a Post Office with the name "Richland," they were informed that city name was already taken. Postmaster B.J. Naugle asked for an alternative name and J.C. Slaughter suggested the name Prosper. A new name was adopted for the hybrid community – one that spoke of the prosperous living conditions and the prosperous crops harvested that year.

The Town of Prosper was incorporated in 1914 with a Commission form of government and a population of 500. U.N. Clary was Mayor and served in that position for 49 years. The introduction of the automobile sparked the evolution of people moving in and out of the rural community. Following the war and the depression, the mechanization of farming provided the next big impact on Prosper's population. Beginning in the 1980's, Fortune 500 companies began relocating to the DFW area, spurring growth of the Metroplex, and a renewed interest in families wanting to live in Prosper.

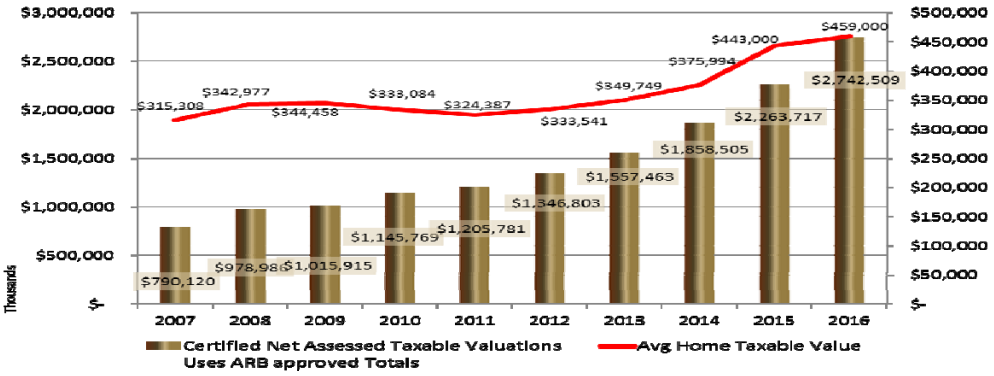
Prosper has managed to retain its country charm by carefully managing growth in accordance with a Comprehensive Land Use Plan, a Parks & Open Space Plan, and a Capital Improvements Plan. Unlike the Cities of Dallas, Plano, and Frisco located to the south, Prosper is characterized by a variety of single-family neighborhoods consisting of estate-size lots and master planned neighborhoods. While residential growth remains strong, the Town is carefully evolving from a bedroom community of 20,000+ residents to a full service town with 1M square feet of retail, office and commercial uses under construction and another 650,000 square feet of shovel ready non-residential uses approved for construction. In 2016 alone, 49 new businesses opened.

**The Economic Outlook**

The Town continues to experience new home permits at a record pace and benefits tremendously from its location. Prosper, while not immune from economic pressures, has thrived more than most DFW communities. According to a May 21, 2014, article by the Dallas Morning News and the US Census Bureau, Prosper was the second fastest growing community in North Texas in 2014. Excluding the price of the lot, the new homes in 2016 averaged $459K.

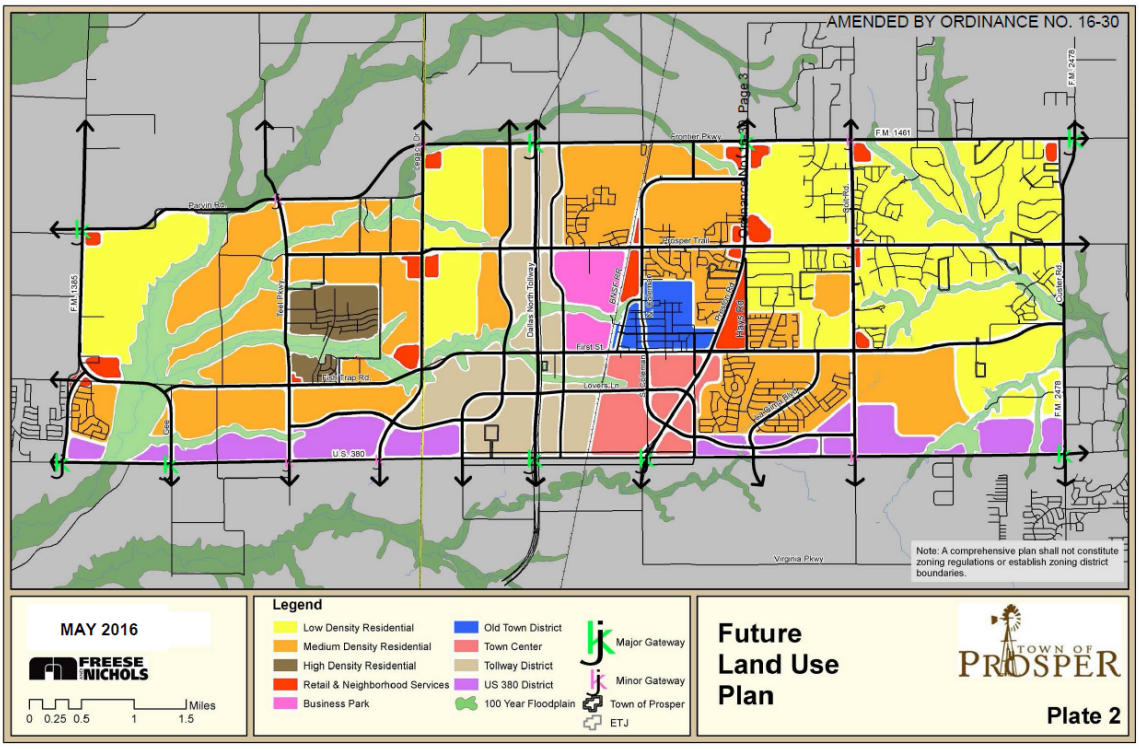


Source: Collin CAD and Denton CAD Certified Totals 2006-2015




The Town has maintained significant growth. Certified property valuations increased by $488M (21.68%) for FY 2016-2017, from $2,253.8M to $2,742.5M. Most of the Town's current values come from Collin County properties, but the Denton County portion is experiencing new developments. This year the Town's value in Denton County increased more than 81%.

The economy influences the timing of population increases and the types of development that occur will affect the build-out of the Town. The Town Council adopted a new Comprehensive Plan in 2012 and annually reviews the Plan in response to changing market conditions. Policy-makers and Town staff use this document as a guide while reviewing development projects, the Town budget, prioritizing capital improvement projects, and drafting ordinances to direct growth that leads to the established vision. The Future Land Use Plan (below) graphically sets an overall framework for the preferred pattern of development within Prosper.




The Town Council has continued its implementation of rate recommendations that support the adopted Water and Wastewater Utility Comprehensive Business Plan. The Plan contains recommendations to enhance revenues, to establish at least a 90-day operations and

maintenance reserve, and to fund an annual contribution of 2% to a capital replacement program. More detailed revenue information can be found in the MD&A section of the financial section of this CAFR.

The DFW Metroplex continues to outperform most other major metropolitan areas for job growth and stability. Town staff believes Prosper will maintain steady economic development as retail and other commercial services follow the rapid increase in new roof tops.

**Accounting System and Budgetary Control**

Town management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft, or misuse. Management must also ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

The Town's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues recognized when measurable and available, and expenditures recorded when the liability is incurred. Proprietary operations are maintained on a full accrual basis.

The objective of budgetary controls is to ensure compliance with legal provisions contained in the annual budget approved by the Town Council. The annual budget is developed and controlled at the department level, and serves as the foundation for the Town's financial planning and control. The budget is prepared by fund and department (e.g. General Fund – Police, General Fund – Fire, Water/Wastewater Fund – Utility Billing). Department Heads may transfer resources within a department with the Town Manager's approval. Any amendments or additional funding requests for appropriations over that of the budgeted department level total are approved by the Town Council, even though the Town Charter limits are at the fund level.

The accompanying CAFR incorporates all funds of the Town and includes all government activities, organizations and functions for which the Town is financially accountable. The criteria used in determining activities to be reported within the Town's basic financial statements are based upon and consistent with those set forth by the Governmental Accounting Standards Board.

Component units are legally separate organizations that a primary government must include as a part of its financial entity. On May 6, 1995, Town of Prosper voters approved the 4A Sales Tax proposition, which increased the sales and use tax by ½ of 1% for the promotion and development of new and expanded business enterprises. The 4A funds account for the local sales tax used to encourage additional private investment that will increase and diversify the tax base, create jobs, lower residential taxes, increase the number of retail, commercial and industrial companies locating to the Town and improve Prosper residents' quality of life. The Economic Development Corporation is Town-chartered and governed by a seven-member Board of Directors appointed by the Town Council. The Town has included financial information for the Prosper Economic Development Corporation as a governmental fund within its government-wide financial statements.

**Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Prosper, Texas, for its comprehensive annual financial report for fiscal year ended September 30, 2015. The Town has received a Certificate of Achievement for the last six consecutive years. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe the current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA for consideration.

**Acknowledgements**

The preparation of this report could not be accomplished without the efficient and dedicated services of the Finance Department staff. I would like to express my appreciation to all employees who contributed to its presentation. Acknowledgement is also given to the representatives of McConnell and Jones, LLP for their assistance in this year's report with special thanks to Marlon Williams, the Audit Manager for this engagement.

I would also like to thank the members of the Town Council for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully submitted,

Harlan Jefferson
Town Manager

Kelly Neal
Finance Director

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

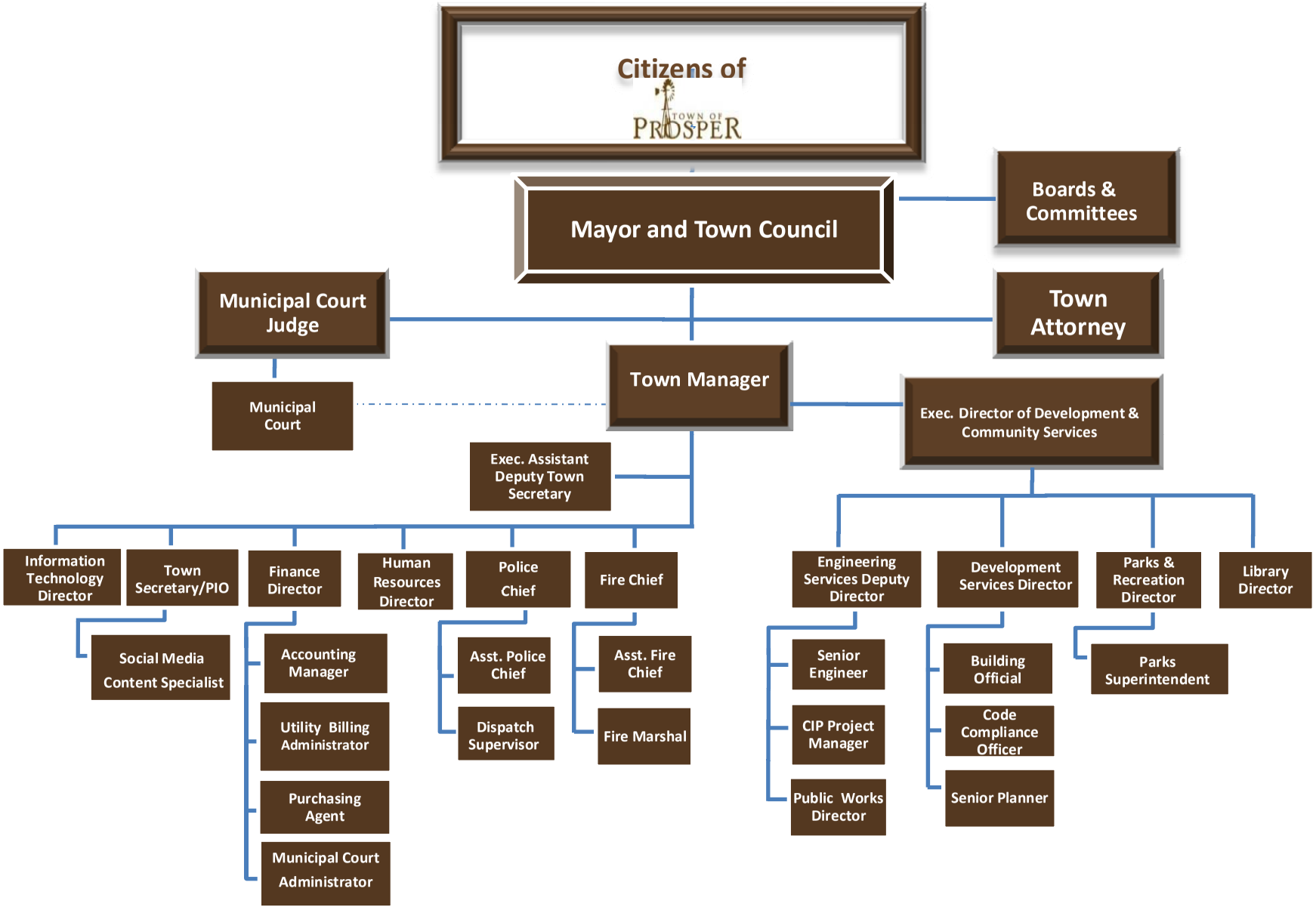
## Town of Prosper

## Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

**September 30, 2015**

Executive Director/CEO


Citizens of
PROSPER
Mayor and Town Council
Boards & Committees
Municipal Court Judge
Town Attorney
Town Manager
Municipal Court
Exec. Director of Development & Community Services
Exec. Assistant Deputy Town Secretary
Information Technology Director
Town Secretary/PIO
Finance Director
Human Resources Director
Police Chief
Fire Chief
Engineering Services Deputy Director
Development Services Director
Parks & Recreation Director
Library Director
Social Media Content Specialist
Accounting Manager
Utility Billing Administrator
Purchasing Agent
Municipal Court Administrator
Asst. Police Chief
Dispatch Supervisor
Asst. Fire Chief
Fire Marshal
Senior Engineer
CIP Project Manager
Public Works Director
Building Official
Code Compliance Officer
Senior Planner
Parks Superintendent

# LIST OF PRINCIPAL OFFICIALS

FISCAL YEAR ENDED SEPTEMBER 30, 2016

## TOWN COUNCIL

| | | |
|---|---|---|
| MAYOR | RAY SMITH | |
| COUNCIL MEMBER PLACE 4 | MEIGS MILLER | |
| COUNCIL MEMBER PLACE 3, MAYOR PRO-TEM | CURRY VOGELSANG, JR. | |
| COUNCIL MEMBER PLACE 2 | KENNETH DUGGER | |
| COUNCIL MEMBER PLACE 1 | MICHAEL KORBULY | |
| COUNCIL MEMBER PLACE 5 | MIKE DAVIS | |
| COUNCIL MEMBER PLACE 6, DEPUTY MAYOR PRO-TEM | JASON DIXON | |

## APPOINTED OFFICIALS

| | |
|---|---|
| TOWN MANAGER | HARLAN JEFFERSON |
| TOWN SECRETARY | ROBYN BATTLE |
| CHIEF OF POLICE | DOUG KOWALSKI |
| FIRE CHIEF | RONNIE TUCKER |
| EXECUTIVE DIRECTOR OF DEVELOPMENT AND COMMUNITY SERVICES | HULON WEBB |
| DIRECTOR OF FINANCE | KELLY NEAL |
| DIRECTOR OF DEVELOPMENT SERVICES | JOHN WEBB |
| DIRECTOR OF HUMAN RESOURCES | BABY RALEY |
| DIRECTOR OF PUBLIC WORKS | FRANK JAROMIN |

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# FINANCIAL SECTION

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MJ
McCONNELL & JONES LLP
CERTIFIED PUBLIC ACCOUNTANTS

# Independent Auditor's Report

To the Honorable Mayor and Members of the Town Council
Town of Prosper, Texas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Prosper, Texas (the "Town"), as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Other Matters

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-11; the statements of revenues, expenditures, and changes in fund

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balance – budget and actual for the General and Impact Fees funds on pages 45 and 46, respectively; and the pension plan schedules on pages 47 and 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplementary information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, the combining and individual fund schedules, and the statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures. These additional procedures included comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The introductory section, individual fund schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

McConnell & Jones

Houston, Texas
March 14, 2017

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of the Town of Prosper, Texas (the Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended September 30, 2016.

**Financial Highlights**

- The assets of the Town of Prosper, on a government-wide basis, exceeded its liabilities as of September 30, 2016 by $125,107 (net position). Of this amount, $45,031 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens and creditors.

- The Town's total net position increased by $19,792. Most of the increase is due to property taxes, sales taxes, impact and escrow fees, and capital grants and contributions.

- As of the close of the current fiscal year, the Town of Prosper's governmental funds reported combined ending fund balances of $50,729 (made up of $10,028 in General Fund, $12,420 in Impact Fee Fund, $1,842 in Debt Service Fund, $18,621 in Capital Projects Fund and $7,819 in other governmental funds), an increase of $5,599 in comparison with the prior year. The increase is primarily due to $7,160 in proceeds from issuance of bonds.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $7,059 or 47.60% percent of total current fiscal year General Fund expenditures and is available for spending at the Town's discretion.

- The Town's long-term liabilities increased by $10,449 during the year primarily due to issuance of the 2016 Certificates of Obligation for $8,470, premiums on debt issuances of $996, and an increase in the net pension liability of $983.

- The Town's capital assets increased by $20,924, primarily due to additional capital projects funded by bond proceeds.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town of Prosper's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements –** The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the time of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, recreation, and transportation. The business-type activities of the Town include the water and sewer system, as well as sanitation collection and disposal, and storm drainage.

The government-wide financial statements include not only the Town of Prosper itself (known as the primary government), but also a legally separate economic development corporation. Financial information for this component unit is reported as blended with the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 12-14 of this report.

**Fund financial statements –** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Prosper, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Town of Prosper can be divided into two categories: governmental funds and proprietary funds.

**Governmental funds –** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Prosper maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Impact Fees Fund, Debt Service Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements and certain budgetary schedules in this report on pages 51-61. The basic governmental fund financial statements can be found on pages 15-19 of this report.

The Town adopts an annual appropriated budget for its General Fund and Impact Fee Fund and several of the non-major governmental funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with the budgets.

**Proprietary funds –** The Town maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water, sewer, sanitation, and storm drainage activities. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The Internal Service Fund is used to accumulate and allocate costs internally among the Town's various functions. The Town uses its Internal Service Fund to account for its vehicle and equipment replacement program and employee medical reimbursement program. Because these services predominately benefit the governmental rather than the business-type functions, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 21-23.

**Notes to the financial statements –** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-43 of this report.

**Other Information –** In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information concerning the Town's progress in funding pension benefits to

its employees and the budgetary schedule of the General and Impact Fee funds. The required supplementary information can be found on pages 44-49.

The combining statements referred to earlier in connection to the non-major governmental funds are presented immediately following the required supplementary information on pensions.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town, assets exceeded liabilities by $125,107 at the close of the most recent fiscal year.

A portion of the Town's net position (52.57%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The Town of Prosper uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position (11.44%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (35.99%) may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all categories of net position, both for the Town as a whole, as well as for its separate governmental and business-type activities.

**Town of Prosper's Net Position**
**Government-Wide**
*(in thousands)*

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2016 | (Restated) 2015 | 2016 | (Restated) 2015 | 2016 | (Restated) 2015 |
| Current and other assets | $ 58,514 | $ 50,855 | $ 8,934 | $ 4,306 | $ 67,448 | $ 55,161 |
| Intangible assets | - | - | 15,579 | 15,060 | 15,579 | 15,060 |
| Restricted assets | - | - | 4,183 | 7,335 | 4,183 | 7,335 |
| Capital assets | 93,472 | 74,594 | 34,245 | 32,200 | 127,717 | 106,794 |
| **Total assets** | 151,986 | 125,449 | 62,941 | 58,901 | 214,927 | 184,350 |
| Deferred outflows of resources | 2,413 | 1,537 | 442 | 322 | 2,855 | 1,859 |
| **Total outflows of resources** | 2,413 | 1,537 | 442 | 322 | 2,855 | 1,859 |
| Long-term liabilities | 52,817 | 41,987 | 33,542 | 33,922 | 86,359 | 75,909 |
| Other liabilities | 5,554 | 4,745 | 665 | 818 | 6,219 | 5,563 |
| **Total liabilities** | 58,371 | 46,732 | 34,207 | 34,740 | 92,578 | 81,472 |
| Deferred inflows of resources | 84 | 86 | 13 | 13 | 97 | 99 |
| **Total inflows of resources** | 84 | 86 | 13 | 13 | 97 | 99 |
| Net position: | | | | | | |
| Net investment in capital assets | 60,997 | 50,132 | 4,772 | 21,119 | 65,769 | 71,251 |
| Restricted | 14,307 | 18,551 | - | - | 14,307 | 18,551 |
| Unrestricted | 20,640 | 11,485 | 24,391 | 3,351 | 45,031 | 14,836 |
| **Total net position** | $ 95,944 | $ 80,168 | $ 29,163 | $ 24,470 | $ 125,107 | $ 104,638 |

**Town of Prosper's Changes in Net Position**
**Government-wide**
*(in thousands)*

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2016 | (Restated) 2015 | 2016 | (Restated) 2015 | 2016 | (Restated) 2015 |
| **Revenues:** | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 8,713 | $ 4,098 | $ 13,495 | $ 10,918 | $ 22,208 | $ 15,016 |
| Operating grants & contributions | 127 | 101 | - | - | 127 | 101 |
| Capital grants & contributions | 12,080 | 7,907 | - | - | 12,080 | 7,907 |
| General revenues: | | | | | | |
| Property taxes | 12,880 | 9,967 | - | - | 12,880 | 9,967 |
| Other taxes | 6,346 | 5,092 | - | - | 6,346 | 5,092 |
| Other income | 558 | 661 | 193 | 193 | 751 | 854 |
| **Total revenues** | 40,704 | 27,826 | 13,688 | 11,111 | 54,392 | 38,937 |
| **Expenses:** | | | | | | |
| General government | 2,125 | 1,364 | - | - | 2,125 | 1,364 |
| Police | 2,340 | 1,932 | - | - | 2,340 | 1,932 |
| Dispatch | 626 | 689 | - | - | 626 | 689 |
| Court | 297 | 239 | - | - | 297 | 239 |
| Fire | 3,765 | 3,268 | - | - | 3,765 | 3,268 |
| Streets | 6,701 | 3,495 | - | - | 6,701 | 3,495 |
| Parks and recreation | 2,763 | 2,445 | - | - | 2,763 | 2,445 |
| Library | 210 | 302 | - | - | 210 | 302 |
| Engineering | 731 | 698 | - | - | 731 | 698 |
| Inspections | 1,346 | 1,152 | - | - | 1,346 | 1,152 |
| Code enforcement | 171 | 146 | - | - | 171 | 146 |
| Planning | 512 | 503 | - | - | 512 | 503 |
| Economic development | 919 | 548 | - | - | 919 | 548 |
| Non-departmental | - | 514 | - | - | - | 514 |
| Interest on long-term debt | 1,571 | 1,469 | - | - | 1,571 | 1,469 |
| Utility | - | - | 10,523 | 9,282 | 10,523 | 9,282 |
| **Total expenses** | 24,077 | 18,764 | 10,523 | 9,282 | 34,600 | 28,046 |
| **Revenues in Excess of Expenses** | 16,627 | 9,062 | 3,165 | 1,829 | 19,792 | 10,891 |
| Transfers | (1,751) | 521 | 1,751 | (521) | - | - |
| **Change in net position** | 14,876 | 9,583 | 4,916 | 1,308 | 19,792 | 10,891 |
| Net position - beginning of year, as previously stated | 80,168 | 70,585 | 24,470 | 23,162 | 104,638 | 93,747 |
| Prior period adjustment | 900 | - | (223) | - | 677 | - |
| Net position - beginning of year, restated | 81,068 | 70,585 | 24,247 | 23,162 | 105,315 | 93,747 |
| Net position - end of year | $ 95,944 | $ 80,168 | $ 29,163 | $ 24,470 | $ 125,107 | $ 104,638 |

The following key elements influenced the changes in net position from the prior year:

Revenues for FY 2015-2016 increased by $15,455 or 28% in comparison to the prior year. The increase is primarily due to increases in sales taxes, property taxes, and charges for services. Property taxes and sales taxes increased $4,167 from prior year. Impact fees increased $3,591 over the prior year due to the growing town and increases in construction permits.

**Governmental Activities**

Governmental activities increased the Town's net position by $15,776. Of this amount, $900 was attributable to a prior period adjustment.

- Impact fee collections increased by $3,591 (60%) primarily due to planned real estate development. Impact fees are included as part of capital contribution revenues.

- Property and sales taxes increased by $4,167 (29%) primarily due to increases in the Town's property tax base and economic development within the Town.

- Total governmental activity charges for services increased by $4,615 (113%) primarily due to escrow income and an increase in building permit fees collected.

- Total governmental activity expenses increased by $5,861 (32%) during the year primarily due to an increase in general government expenditures of $761 and an increase in streets expenditures of $3,206.

**Business-type Activities**

Business-type activities increased the Town's net position by $4,916.

- Operating revenue increased by $2,577 (24%) from the previous year due to an increase in water and sewer charges for service.

- Operating expenses increased by $1,240 (13%) from the previous year due to an increase in contractual services.

**Financial Analysis of the Town's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds –** The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available at the end of the fiscal year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $50,729, an increase of $5,599 from the prior year. Most of the increase is due to increases in property and sales taxes, impact fees and other developer contributions, and proceeds from bond issuances during the year. Of the current combined ending fund balance, $3 is nonspendable due to prepaids, $32,882 is restricted for debt service and capital projects, $2,966 is committed for contingency in accordance with the Town charter, $7,786 is assigned for specific purpose such as impact fees and other specific purposes, and $7,059 is unassigned.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, unassigned fund balance of the General Fund was $7,059. Total unassigned fund balance represents 47.60% of total General Fund

expenditures. The increase in fund balance of $2,460 is primarily due to increases in property and sales taxes, licenses and permits revenues, and fines, fees, warrants, and seizures.

The Impact Fee Fund has a total fund balance of $12,420, which is restricted for capital projects. The increase in fund balance of $442 is due to additional construction permits.

The Debt Service Fund has a total fund balance of $1,842, all of which is restricted for payment of debt service. The increase in fund balance of $372 is primarily due to an increase in property tax revenues during the year.

The Capital Projects Fund has a total fund balance of $18,621, all of which is restricted for construction. The increase in fund balance of $1,902 is primarily due to bond proceeds of $7,160.

**Proprietary funds –** The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund at the end of the year amounted to $24,248. The increase in total net position of the Water and Sewer Fund was $4,851. Unrestricted net position for the Stormwater Drainage Utility Fund at the end of the year amounted to $143. The increase in total net position of the Stormwater Drainage Utility Fund was $66. The factors concerning the finances of these funds have already been addressed in the discussion of the Town's business type activities.

**General Fund Budgetary Highlights**

***Original budget compared to final budget*** – During the year, significant amendments to increase the original budgeted revenue resulted from unanticipated grant proceeds ($30,645), transfers to capital projects in settling due to and due from ($1,711,863) along with corresponding appropriations that were added to the budget from carryover for encumbrances from the prior year ($271,014), and additions to capital projects from multi-year budgets ($9,649,204). Generally, the movement of the appropriations between departments was not significant.

***Final budget compared to actual results –*** During the year, revenues were $2,251 more than estimated and expenditures were $1,503 less than budgeted. The majority of the excess revenues arose from licenses and permits, fines and fees, and sales taxes. The majority of expenditure savings was in fire, followed by general government and dispatch. The positive variances in revenues and expenditures allowed for transfers of $2,633 for cash financing of capital projects. With the transfers, fund balance increased by $2,460.

**Capital Assets and Debt Administration**

**Capital assets –** The Town's investment in capital assets for its governmental and business-type activities as of September 30, 2016 is $65,768 (net of accumulated depreciation). This investment in capital assets includes land, buildings and infrastructure, and equipment.

Major capital asset events during the current fiscal year included the following:

- Capital asset acquisitions in governmental activities totaled $30,466. The majority of this activity was funded from bond proceeds and was for streets, parks, and related infrastructure.

- Capital asset additions in business-type activities totaled $3,186. The majority of this activity was funded from bond proceeds and was for new water and sewer projects.

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Government-wide capital assets: | | | | | | |
| Non-depreciable assets | $ 26,409 | $ 13,069 | $ 3,419 | $ 454 | $ 29,828 | $ 13,523 |
| Depreciable assets | 90,733 | 81,992 | 38,239 | 38,104 | 128,972 | 120,096 |
| Total capital assets | 117,142 | 95,061 | 41,658 | 38,558 | 158,800 | 133,619 |
| Less: accumulated depreciation | (23,670) | (20,467) | (7,413) | (6,358) | (31,083) | (26,825) |
| Government-wide capital assets, net | $ 93,472 | $ 74,594 | $ 34,245 | $ 32,200 | $ 127,717 | $ 106,794 |

Additional information on the Town's capital assets can be found in Note 6 on pages 33-34 of this report.

**Long-term liabilities –** At the end of the current fiscal year, the Town had bonded debt outstanding of $76,955. This amount comprises debt backed by the full faith and credit of the Town.

The Town's bond ratings are AA as assigned by Standard & Poor's on June 30, 2016, and Aa2 as assigned by Moody's on June 28, 2016.

Total long-term liabilities consisted of the following (in thousands):

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Government-wide long-term liabilities: | | | | | | |
| Certificates of obligation and general obligation bonds | $ 45,844 | $ 37,054 | $ 31,111 | $ 31,696 | $ 76,955 | $ 68,750 |
| Bond premium on issuance | 3,984 | 2,852 | 1,995 | 1,938 | 5,979 | 4,790 |
| Net pension liability | 2,210 | 1,350 | 324 | 202 | 2,534 | 1,552 |
| Compensated absences payable | 779 | 731 | 112 | 86 | 891 | 817 |
| Total government-wide long-term liabilities | $ 52,817 | $ 41,987 | $ 33,542 | $ 33,922 | $ 86,359 | $ 75,909 |

Additional information on the Town's long-term liabilities can be found in Note 8 on pages 35-38 of this report.

**Economic Factors and FY 2016-2017 Budgets and Rates**

The Town continues to thrive, with residential and commercial development occurring at the highest levels the Town has ever seen. The resulting increase in property values reflects the commitment of the Council and the efforts of the Prosper Economic Development Corporation (PEDC) to attract quality development. The FY 2016-2017 Adopted Budget addresses the need for increased service levels due to growth. The budget provides essential capital investments in infrastructure and other public improvements, as well as additional public safety resources.

Revenue Projection Highlights

Despite the Town's current and future growth potential and general optimism, the budget was prepared with conservative revenue assumptions in mind.

- The FY 2016-2017 Adopted Ad Valorem Property Tax Rate is equal to the FY 2014-2015 and FY2015-2016 rate set at $0.52 per one hundred dollars taxable valuation. Certified property valuations increased by $417M (19.58%) for FY 2016-2017. Property values increased from $2,129.3M to $2,546.1M. Most of the Town's current values come from Collin County properties, but the Denton County portion almost doubled in value due to new developments. This fiscal year the Town's value in Denton County increased by more than 85%.

- Sales tax revenue is projected to reach $4,249,600, compared to FY 2015-2016's actual amount of $3,996,506. Growth in new business and a general increase in existing retail sales are expected in FY 2016-2017, just as it was in FY 2015-2016.

- Building Permit Revenues are expected to increase to $2,656,400 or 11.3% when compared to the FY 2015-2016 Adopted Budget. The Town expects to issue 700 or more new residential permits in FY 2016-2017.

- Licenses and Franchise Fees are projected to rise slightly with population. Municipal Court fines are estimated at $385,000, compared to the FY 2015-2016 Budget of $300,000.

- Revenues for the Water and Sewer Fund are expected to increase to $13,338,736. The adopted business plan for the fund identified the need for revenue enhancements to cover existing and future operations and maintenance costs as well as debt service and contracted sewer costs with the Upper Trinity Regional Water District. Even so, the Town did not change rates for FY 2016-2017, choosing instead to focus on internal savings. In addition, under the solid waste agreement approved by Town Council in FY 2016-2017, the Town's solid waste provider agreed to hold rates steady for two years.

Appropriated Budget Highlights

The adopted budget addressed increased service levels in response to continued growth, provided required or money-saving capital investments in infrastructure, and included other public improvements as well as additional public safety resources. The Town has continued to thrive relative to many markets.

Program enhancements and capital expenditures included in the adopted appropriations and planned for FY 2016-2017 are as follows:

*Police Operations & Dispatch*

Four additional Police Officers and one Detective were included in the Police Department budget. A needs assessment of the Public Safety facility was budgeted.

*Fire, EMS & Fire Marshall*

An Emergency Management Coordinator and a Fire Inspector/Investigator were included in the Fire Department budget.

*Streets*

The Streets Department budget included funding for road repairs on Prosper Trail and streetlights at Coit Road.

*Parks and Recreation*

A Chemical Technician and Maintenance Worker were included in the Parks Department budget along with relocation of lights from Main Street Park.

*Finance*

A Capital Projects Accountant was included in the Administrative Department budget due to the demand and required tracking of CIP projects.

*Water/Wastewater*

The budget included funding six full-time staff for the Water and Wastewater Department. The major program enhancements and capital item expenses budgeted in FY 2016-2017 include water and wastewater line reconstruction at Main Street and trash collection growth.

The following items have also been incorporated into the FY 2016-2017 Adopted Budget:

- The budget includes a revision to the compensation program for employees consistent with the Town Council's goal.

- The TMRS rate budgeted for FY 2016-2017 is 13.46%, which is equal to the phase in rate provided by TMRS.

- Continued partnerships with local entities have produced multiple saving opportunities for shared services or improving our customer service to residents and visitors alike. The Town continues to operate the Community Library in the Reynolds Middle School and executed an Interlocal agreement with PISD to access their fueling facility. The Town renewed its agreements, along with several area cities, with Collin County for animal control and sheltering service. The Town has several agreements with the City of Frisco, including the use of the Frisco GIS for the Town's departments and an interlocal agreement for Police and Fire Departments to access the City's radio system. The Town also has a Memorandum of Understanding (MOU) with the Town of Little Elm to operate Fire Station No. 2 as a joint effort between the Towns.

- The adopted budget accomplishes the Town Council's goals to expand services and competitively compensate staff while holding the line on the tax rate. The Town's budget addresses the current and future growth and infrastructure expansion demands while recognizing the needs of its residents.

All of these factors were considered in preparing the Town's budget for FY 2016-2017.

**Request for Information**

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Town Manager, P. O. Box 307, Prosper, Texas 75078.

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# BASIC FINANCIAL STATEMENTS

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**TOWN OF PROSPER, TEXAS**
Statement of Net Position
September 30, 2016

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total |
| **ASSETS** | | | |
| Cash and cash equivalents | $ 55,443,571 | $ 8,020,829 | $ 63,464,400 |
| Investments | 103,432 | - | 103,432 |
| Taxes receivable, net | 1,837,711 | - | 1,837,711 |
| Receivables, net | 426,202 | 1,539,453 | 1,965,655 |
| Prepaid | 3,267 | - | 3,267 |
| Inventory | - | 73,160 | 73,160 |
| Internal balances | 699,914 | (699,914) | - |
| Restricted cash and investments | - | 4,182,968 | 4,182,968 |
| Intangible assets | - | 15,578,922 | 15,578,922 |
| Capital assets: | | | |
| Land and construction in progress | 26,409,034 | 3,418,688 | 29,827,722 |
| Other capital assets, net | 67,063,091 | 30,826,500 | 97,889,591 |
| **Total assets** | 151,986,222 | 62,940,606 | 214,926,828 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Deferred outflows - pensions | 1,355,886 | 196,576 | 1,552,462 |
| Deferred charges for refunding | 1,057,113 | 245,224 | 1,302,337 |
| **Total deferred outflows of resources** | 2,412,999 | 441,800 | 2,854,799 |
| **LIABILITIES** | | | |
| Accounts payable | 3,231,682 | 447,400 | 3,679,082 |
| Accrued interest | 212,609 | 139,596 | 352,205 |
| Unearned revenue | 1,326 | - | 1,326 |
| Retainage payable | 544,462 | - | 544,462 |
| Customer deposits and escrow payable | 1,564,440 | 78,000 | 1,642,440 |
| Noncurrent liabilities: | | | |
| Due within one year | 2,557,470 | 1,999,429 | 4,556,899 |
| Due in more than one year | 50,259,800 | 31,542,375 | 81,802,175 |
| **Total liabilities** | 58,371,789 | 34,206,800 | 92,578,589 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Deferred inflows - pensions | 83,764 | 12,527 | 96,291 |
| **Total deferred inflows of resources** | 83,764 | 12,527 | 96,291 |
| **NET POSITION** | | | |
| Net investment in capital assets | 60,996,511 | 4,771,987 | 65,768,498 |
| Restricted for: | | | |
| Debt service | 1,855,119 | - | 1,855,119 |
| Capital projects | 12,419,611 | - | 12,419,611 |
| Courts | 32,424 | - | 32,424 |
| Unrestricted | 20,640,003 | 24,391,092 | 45,031,095 |
| **Total net position** | $ 95,943,668 | $ 29,163,079 | $ 125,106,747 |

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF PROSPER, TEXAS**
Statement of Activities
For the Year Ended September 30, 2016

| | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions |
|---|---|---|---|---|
| **Primary Government** | | | | |
| **Governmental activities** | | | | |
| General government | $ 2,124,926 | $ 4,431,465 | $ 17,564 | $ 738,759 |
| Police | 2,339,800 | 43,723 | 28,028 | - |
| Dispatch | 625,544 | - | - | - |
| Court | 296,698 | 478,871 | - | - |
| Fire | 3,765,182 | 273,069 | 15,375 | - |
| Streets | 6,701,036 | - | - | 9,642,611 |
| Parks and recreation | 2,763,325 | 97,825 | 45,500 | 1,699,116 |
| Library | 209,937 | 1,184 | 20,464 | - |
| Engineering | 730,693 | - | - | - |
| Inspections | 1,345,618 | 3,236,055 | - | - |
| Code enforcement | 170,627 | 19,350 | - | - |
| Planning | 511,927 | 131,131 | - | - |
| Economic development | 921,455 | - | - | - |
| Interest and fiscal charges | 1,571,131 | - | - | - |
| Total governmental activities | 24,077,899 | 8,712,673 | 126,931 | 12,080,486 |
| **Business-type activities** | | | | |
| Water and sewer | 10,333,776 | 13,165,892 | - | - |
| Storm drainage | 188,521 | 329,139 | - | - |
| Total business-type activities | 10,522,297 | 13,495,031 | - | - |
| **Total Primary Government** | $ 34,600,196 | $ 22,207,704 | $ 126,931 | $ 12,080,486 |
| **General Revenues and Transfers** | | | | |
| Property taxes | | | | |
| Sales and use taxes | | | | |
| Franchise taxes | | | | |
| Unrestricted investment earnings | | | | |
| Miscellaneous revenue | | | | |
| Transfers | | | | |
| Total general revenues and transfers | | | | |
| **Change in net position** | | | | |
| **Net position - beginning** (as previously stated) | | | | |
| **Prior period adjustment** | | | | |
| **Net position - beginning** (restated) | | | | |
| **Net position - ending** | | | | |

*(continued)*

*The accompanying notes are an integral part of these financial statements.*

| Net (Expense) Revenue and Changes in Net Position | | |
|---|---|---|
| Primary Government | | |
| Governmental Activities | Business-type Activities | Total |
| $ 3,062,862 | $ - | $ 3,062,862 |
| (2,268,049) | - | (2,268,049) |
| (625,544) | - | (625,544) |
| 182,173 | - | 182,173 |
| (3,476,738) | - | (3,476,738) |
| 2,941,575 | - | 2,941,575 |
| (920,884) | - | (920,884) |
| (188,289) | - | (188,289) |
| (730,693) | - | (730,693) |
| 1,890,437 | - | 1,890,437 |
| (151,277) | - | (151,277) |
| (380,796) | - | (380,796) |
| (921,455) | - | (921,455) |
| (1,571,131) | - | (1,571,131) |
| (3,157,809) | - | (3,157,809) |
| - | 2,832,116 | 2,832,116 |
| - | 140,618 | 140,618 |
| - | 2,972,734 | 2,972,734 |
| (3,157,809) | 2,972,734 | (185,075) |
| 12,880,116 | - | 12,880,116 |
| 5,609,154 | - | 5,609,154 |
| 736,741 | - | 736,741 |
| 277,123 | 76,191 | 353,314 |
| 281,295 | 116,559 | 397,854 |
| (1,750,922) | 1,750,922 | - |
| 18,033,507 | 1,943,672 | 19,977,179 |
| 14,875,698 | 4,916,406 | 19,792,104 |
| 80,167,967 | 24,469,992 | 104,637,959 |
| 900,003 | (223,319) | 676,684 |
| 81,067,970 | 24,246,673 | 105,314,643 |
| $ 95,943,668 | $ 29,163,079 | $ 125,106,747 |

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF PROSPER, TEXAS**
Balance Sheet – Governmental Funds
September 30, 2016

| | General Fund | Impact Fees Fund |
|---|---|---|
| **ASSETS** | | |
| Cash and cash equivalents | $ 7,391,449 | $ 11,937,177 |
| Investments | - | - |
| Taxes receivable (net) | 1,329,078 | - |
| Accounts receivable (net) | 388,938 | - |
| Due from other funds | 4,578,175 | 839,804 |
| Prepaid | 3,267 | - |
| **Total Assets** | $ 13,690,907 | $ 12,776,981 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE** | | |
| **Liabilities** | | |
| Accounts payable and accrued expenses | $ 889,874 | $ 230,445 |
| Unearned revenue | - | - |
| Retainage payable | - | 126,595 |
| Escrow payable | - | - |
| Due to other funds | 2,055,508 | 330 |
| Total Liabilities | 2,945,382 | 357,370 |
| **Deferred Inflows of Resources** | | |
| Unavailable revenue: | | |
| Property taxes | 481,188 | - |
| Fines and fees | 235,963 | - |
| Total Deferred Inflows of Resources | 717,151 | - |
| **Fund Balance** | | |
| Nonspendable for: | | |
| Prepaid | 3,267 | - |
| Restricted for: | | |
| Debt service | - | - |
| Capital projects | - | 12,419,611 |
| Courts | - | - |
| Committed for: | | |
| Contingency | 2,965,853 | - |
| Assigned | - | - |
| Unassigned | 7,059,254 | - |
| Total Fund Balance | 10,028,374 | 12,419,611 |
| **Total Liabilities, Deferred Inflows of Resources and Fund Balance** | $ 13,690,907 | $ 12,776,981 |

*(continued)*

*The accompanying notes are an integral part of these financial statements.*

| Debt Service Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| $ 1,738,293 | $ 23,819,981 | $ 8,101,898 | $ 52,988,798 |
| 103,432 | - | - | 103,432 |
| 226,003 | - | 282,630 | 1,837,711 |
| - | 17,025 | 6,900 | 412,863 |
| - | 251,422 | 1,522,142 | 7,191,543 |
| - | - | - | 3,267 |
| $ 2,067,728 | $ 24,088,428 | $ 9,913,570 | $ 62,537,614 |
| | | | |
| $ - | $ 1,935,176 | 150,204 | $ 3,205,699 |
| - | - | 1,326 | 1,326 |
| - | 417,867 | - | 544,462 |
| - | - | 1,564,440 | 1,564,440 |
| - | 3,114,737 | 378,795 | 5,549,370 |
| - | 5,467,780 | 2,094,765 | 10,865,297 |
| | | | |
| 226,003 | - | - | 707,191 |
| - | - | - | 235,963 |
| 226,003 | - | - | 943,154 |
| | | | |
| - | - | - | 3,267 |
| 1,841,725 | - | - | 1,841,725 |
| - | 18,620,648 | - | 31,040,259 |
| - | - | 32,424 | 32,424 |
| - | - | - | 2,965,853 |
| - | - | 7,786,381 | 7,786,381 |
| - | - | - | 7,059,254 |
| 1,841,725 | 18,620,648 | 7,818,805 | 50,729,163 |
| $ 2,067,728 | $ 24,088,428 | $ 9,913,570 | $ 62,537,614 |

*The accompanying notes are an integral part of these financial statements.*

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**TOWN OF PROSPER, TEXAS**
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
September 30, 2016

| | |
|---|---|
| Total Fund Balances - Governmental Funds | $ 50,729,163 |
| Amounts reported for governmental activities in the statement of net position (page 12) are different because: | |
| Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. | 92,469,576 |
| Bonds payable will not be liquidated with current financial resources and therefore have not been included in the fund financial statements. | (45,844,350) |
| Accrued liabilities for compensated absences will not be liquidated with current financial resources and therefore have not been included in the fund financial statements. | (778,486) |
| Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. | (212,609) |
| Premiums ($3,984,327) on bond issuances less deferred losses on bond refunding of ($1,057,113) are recorded as other financing sources and uses when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements over the life of the bonds. | (2,927,214) |
| Receivables from property taxes and fines and fees are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the fund financial statements. | 943,154 |
| Included in the items related to debt is the recognition of the Town's proportionate share of the net pension liability in the amount of $2,210,107, a deferred outflow of resources of $1,355,886 and a deferred inflow of resources of $83,764. The net effect is to decrease net position. | (937,985) |
| The Town uses an internal service fund to charge the costs of the medical reimbursement program and the vehicle and equipment replacement program to appropriate departments in other funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. The net effect is to increase net position. | 2,502,419 |
| Net Position of Governmental Activities | $ 95,943,668 |

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF PROSPER, TEXAS**
Statement of Revenues, Expenditures, and Changes in Fund Balances –
Governmental Funds
For the Year Ended September 30, 2016

| | General Fund | Impact Fees Fund |
|---|---|---|
| **REVENUES** | | |
| Taxes: | | |
| Property | $ 8,458,487 | $ - |
| Sales | 4,210,957 | - |
| Franchise | 736,741 | - |
| Licenses and permits | 3,115,829 | - |
| Charges for services | 438,720 | - |
| Impact fees | - | 9,611,964 |
| Escrow income | - | - |
| Grants | 23,539 | - |
| Investment income | 35,810 | 73,384 |
| Fines, fees, warrants, and seizures | 1,512,359 | - |
| Contributions | - | - |
| Miscellaneous | 259,502 | - |
| Total Revenues | 18,791,944 | 9,685,348 |
| **EXPENDITURES** | | |
| Current: | | |
| General government | 2,075,295 | - |
| Police | 2,266,921 | - |
| Dispatch | 627,404 | - |
| Court | 280,099 | - |
| Fire | 3,500,791 | - |
| Streets | 648,507 | 3,798,293 |
| Parks and recreation | 1,908,570 | - |
| Library | 203,072 | - |
| Engineering | 701,792 | - |
| Inspection | 1,307,368 | - |
| Code enforcement | 167,580 | - |
| Planning | 494,164 | - |
| Non-departmental | 277,713 | - |
| Economic development | - | - |
| Capital outlay | 369,988 | 1,043,452 |
| Debt service: | | |
| Principal | - | - |
| Interest and fiscal charges | - | - |
| Bond issue costs and fees | - | - |
| Total Expenditures | 14,829,264 | 4,841,745 |
| **Excess (Deficiency) of Revenue over Expenditures** | $ 3,962,680 | $ 4,843,603 |
| **OTHER FINANCING SOURCES (USES)** | | |
| Issuance of debt | $ - | $ - |
| Issuance of refunding debt | - | - |
| Premium on issuance of bonds | - | - |
| Payments to bond escrow agent | - | - |
| Transfer in | 1,131,072 | - |
| Transfer out | (2,633,285) | (4,401,706) |
| Total Other Financing Sources (Uses) | (1,502,213) | (4,401,706) |
| **Net change in fund balances** | 2,460,467 | 441,897 |
| **Fund balances, beginning** (as previously stated) | 7,567,907 | 14,659,854 |
| **Prior period adjustment** | - | (2,682,140) |
| **Fund balances, beginning** (restated) | 7,567,907 | 11,977,714 |
| **Fund balances, ending** | $ 10,028,374 | $ 12,419,611 |

*(continued)*

*The accompanying notes are an integral part of these financial statements.*

| Debt Service Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| $ 3,740,565 | $ - | $ - | $ 12,199,052 |
| - | - | 1,398,197 | 5,609,154 |
| - | - | - | 736,741 |
| - | - | - | 3,115,829 |
| - | - | - | 438,720 |
| - | - | - | 9,611,964 |
| - | - | 3,558,118 | 3,558,118 |
| - | 30,647 | 1,800 | 55,986 |
| 21,252 | 86,961 | 58,862 | 276,269 |
| - | - | 18,113 | 1,530,472 |
| - | 738,759 | 1,800,708 | 2,539,467 |
| - | 3,774 | 18,019 | 281,295 |
| 3,761,817 | 860,141 | 6,853,817 | 39,953,067 |
| | | | |
| - | - | - | 2,075,295 |
| - | - | 5,009 | 2,271,930 |
| - | - | - | 627,404 |
| - | - | 8,997 | 289,096 |
| - | - | 3,587 | 3,504,378 |
| - | - | - | 4,446,800 |
| - | - | 47,535 | 1,956,105 |
| - | - | - | 203,072 |
| - | - | - | 701,792 |
| - | - | - | 1,307,368 |
| - | - | - | 167,580 |
| - | - | - | 494,164 |
| - | - | - | 277,713 |
| - | - | 947,894 | 947,894 |
| - | 18,805,083 | 1,346,168 | 21,564,691 |
| 1,860,000 | - | - | 1,860,000 |
| 1,526,501 | - | - | 1,526,501 |
| 3,600 | 149,846 | - | 153,446 |
| 3,390,101 | 18,954,929 | 2,359,190 | 44,375,229 |
| $ 371,716 | $ (18,094,788) | $ 4,494,627 | $ (4,422,162) |
| $ - | $ 7,160,000 | $ - | $ 7,160,000 |
| - | 6,279,800 | - | 6,279,800 |
| - | 1,321,996 | - | 1,321,996 |
| - | (2,987,598) | - | (2,987,598) |
| - | 8,222,536 | 2,350,028 | 11,703,636 |
| - | - | (6,421,967) | (13,456,958) |
| - | 19,996,734 | (4,071,939) | 10,020,876 |
| 371,716 | 1,901,946 | 422,688 | 5,598,714 |
| 1,470,009 | 12,753,873 | 7,778,803 | 44,230,446 |
| - | 3,964,829 | (382,686) | 900,003 |
| 1,470,009 | 16,718,702 | 7,396,117 | 45,130,449 |
| $ 1,841,725 | $ 18,620,648 | $ 7,818,805 | $ 50,729,163 |

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF PROSPER, TEXAS**
Reconciliation of Revenues, Expenditures, and Changes
in Fund Balances – Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2016

| | |
|---|---|
| Net Change in Fund Balances - Governmental Funds | $ 5,598,714 |
| Amounts reported for governmental activities in the statement of activities (pages 13 - 14) are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($21,564,691) exceeds depreciation expense ($3,602,389). | 17,962,302 |
| Principal payments on bonds payable are expenditures or other financing uses in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements. | 1,860,000 |
| Deferred losses on refunding and premiums are amortized over the life of the bonds in the government-wide financial statements. This is the current year amortization. | 129,881 |
| Proceeds from bond premiums are recorded as other financing sources in the fund financial statements, but increases liabilities in the government-wide financial statements. | (1,321,996) |
| Payments to bond escrow are recorded as other financing uses on the fund financial statements but as an increase to deferred inflows/outflows of resources on the government wide financial statements. The effect is an increase in net position. | 2,987,598 |
| Proceeds from issuance of bonds are recorded as other financing sources in the fund financial statements but increases liabilities in the government-wide financial statements. | (13,439,800) |
| Additions to liabilities for compensated absences are not shown in the fund financial statements. The net effect of the current year's increase is to decrease net position. | (46,786) |
| Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. The increase in interest accrual decreases net position. | (21,065) |
| The Town uses an internal service fund to charge the costs of the medical reimbursement program and the vehicle and equipment replacement program to the appropriate departments in other funds. The change in net position of the internal service fund is reported with governmental activities. | 536,291 |
| Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. Changes in the net pension liability caused changes in net position to decrease in the amount of $860,731. The City's share of the unrecognized deferred inflows and outflows as of the measurement date must be amortized and the City's proportionate share of the pension expense must be recognized. These cause the change in net position to increase in the amount of $740,692. The net effect is a decrease in net position. | (120,039) |
| Revenues from property taxes and fines are deferred in the fund financial statements until they are considered available to fund current expenditures, but such revenues are recognized in the government-wide statements. The effect of recognizing deferred tax and fines revenue of $943,154 and removing prior year's deferred tax recognized of $192,556 is to increase net position. | 750,598 |
| Change in Net Position of Governmental Activities | $ 14,875,698 |

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF PROSPER, TEXAS**
Statement of Net Position – Proprietary Funds
September 30, 2016

| | Enterprise Funds | | | Governmental Activities |
|---|---|---|---|---|
| | Water and Sewer Fund | Stormwater Drainage Fund | Total Enterprise Funds | Internal Service Funds |
| **ASSETS** | | | | |
| Current Assets: | | | | |
| Cash and cash equivalents | $ 7,935,034 | $ 85,795 | $ 8,020,829 | $ 2,454,773 |
| Receivables, net | 1,486,906 | 52,547 | 1,539,453 | 13,339 |
| Due from other funds | 93,950 | 729,604 | 823,554 | - |
| Inventory | 73,160 | - | 73,160 | - |
| Restricted cash and cash equivalents | 2,747,968 | 1,435,000 | 4,182,968 | - |
| Total Current Assets | 12,337,018 | 2,302,946 | 14,639,964 | 2,468,112 |
| Noncurrent Assets: | | | | |
| Intangible assets | 15,578,922 | - | 15,578,922 | - |
| Capital assets | | | | |
| Nondepreciable | 3,418,688 | - | 3,418,688 | - |
| Depreciable, net | 30,784,872 | 41,628 | 30,826,500 | 1,002,549 |
| Total Noncurrent Assets | 49,782,482 | 41,628 | 49,824,110 | 1,002,549 |
| Total Assets | 62,119,500 | 2,344,574 | 64,464,074 | 3,470,661 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| Deferred outflows - pensions | 184,231 | 12,345 | 196,576 | - |
| Deferred charges for refunding | 245,224 | - | 245,224 | - |
| Total Deferred Outflows of Resources | 429,455 | 12,345 | 441,800 | - |
| **LIABILITIES** | | | | |
| Current Liabilities: | | | | |
| Accounts payable and accrued expenses | 444,750 | 2,650 | 447,400 | 25,983 |
| Deposits and funds held in escrow | 78,000 | - | 78,000 | - |
| Due to other funds | 1,483,737 | 39,731 | 1,523,468 | 942,259 |
| Accrued interest | 136,703 | 2,893 | 139,596 | - |
| Current portion of long-term liabilities | | | | |
| Compensated absences | 27,379 | - | 27,379 | - |
| Bonds payable | 1,972,050 | - | 1,972,050 | - |
| Total Current Liabilities | 4,142,619 | 45,274 | 4,187,893 | 968,242 |
| Noncurrent Liabilities: | | | | |
| Compensated absences | 82,138 | 2,811 | 84,949 | - |
| Net pension liability | 302,782 | 20,837 | 323,619 | - |
| Bonds payable | 29,014,244 | 2,119,563 | 31,133,807 | - |
| Total Noncurrent Liabilities | 29,399,164 | 2,143,211 | 31,542,375 | - |
| Total Liabilities | 33,541,783 | 2,188,485 | 35,730,268 | 968,242 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| Deferred inflows - pensions | 11,678 | 849 | 12,527 | - |
| Total Deferred Inflows of Resources | 11,678 | 849 | 12,527 | - |
| **NET POSITION** | | | | |
| Net investment in capital assets | 4,747,815 | 24,172 | 4,771,987 | 1,002,549 |
| Unrestricted | 24,247,679 | 143,413 | 24,391,092 | 1,499,870 |
| Total Net Position | $ 28,995,494 | $ 167,585 | $ 29,163,079 | $ 2,502,419 |

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF PROSPER, TEXAS**
Statement of Revenues, Expenses and Changes
In Fund Net Position – Proprietary Funds
For the Year Ended September 30, 2016

| | Enterprise Funds | | | Governmental Activities |
|---|---|---|---|---|
| | Water and Sewer Fund | Stormwater Drainage Fund | Total Enterprise Funds | Internal Service Funds |
| **OPERATING REVENUES** | | | | |
| Water and sewer charges | $ 10,786,551 | $ - | $ 10,786,551 | $ - |
| Sanitation charges | 1,204,558 | - | 1,204,558 | - |
| Storm drainage utility fees | - | 329,139 | 329,139 | - |
| Water and sewer connections | 1,096,134 | - | 1,096,134 | - |
| Service initiation | 78,649 | - | 78,649 | - |
| Insurance charges for services | - | - | - | 522,965 |
| Miscellaneous | 116,559 | - | 116,559 | 90,206 |
| Total Operating Revenues | 13,282,451 | 329,139 | 13,611,590 | 613,171 |
| **OPERATING EXPENSES** | | | | |
| Personnel services | 1,451,133 | 94,807 | 1,545,940 | - |
| Materials and supplies | 448,904 | 8,067 | 456,971 | - |
| Contractual services | 2,429,965 | - | 2,429,965 | - |
| Water purchases | 3,122,725 | - | 3,122,725 | - |
| Depreciation and amortization | 1,068,308 | 10,892 | 1,079,200 | 41,291 |
| Other operating costs | 857,168 | 35,969 | 893,137 | 38,843 |
| Total Operating Expenses | 9,378,203 | 149,735 | 9,527,938 | 80,134 |
| Operating Income | 3,904,248 | 179,404 | 4,083,652 | 533,037 |
| **NON-OPERATING REVENUES (EXPENSES)** | | | | |
| Investment income | 75,186 | 1,005 | 76,191 | 854 |
| Interest expense | (933,031) | (38,786) | (971,817) | - |
| Bond issuance cost | (22,542) | - | (22,542) | - |
| Total Non-operating Revenues (Expenses) | (880,387) | (37,781) | (918,168) | 854 |
| Income before transfers | 3,023,861 | 141,623 | 3,165,484 | 533,891 |
| Transfers in | 3,121,369 | - | 3,121,369 | 2,400 |
| Transfers out | (1,294,341) | (76,106) | (1,370,447) | - |
| Total Transfers | 1,827,028 | (76,106) | 1,750,922 | 2,400 |
| Change in net position | 4,850,889 | 65,517 | 4,916,406 | 536,291 |
| Net position - beginning (as previously stated) | 24,158,199 | 311,793 | 24,469,992 | 1,966,128 |
| Prior period adjustment | (13,594) | (209,725) | (223,319) | - |
| Net position - beginning (restated) | 24,144,605 | 102,068 | 24,246,673 | 1,966,128 |
| Net position, at end of year | $ 28,995,494 | $ 167,585 | $ 29,163,079 | $ 2,502,419 |

*The accompanying notes are an integral part of these financial statements.*

**TOWN OF PROSPER, TEXAS**
Statement of Cash Flows – Proprietary Funds
For the Year Ended September 30, 2016

| | Enterprise Funds | | | Governmental Activities |
|---|---|---|---|---|
| | Water and Sewer Fund | Stormwater Drainage Fund | Total Enterprise Funds | Internal Service Fund |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | |
| Cash received from customers and users | $ 12,976,331 | $ 309,508 | $ 13,285,839 | $ - |
| Cash contributions for vehicle and equipment replacements | - | - | - | 605,518 |
| Cash payments to suppliers for goods and services | (6,991,372) | (42,313) | (7,033,685) | - |
| Cash payments for vehicle and equipment replacements | - | - | - | (11,366) |
| Cash payments to employees for services | (1,408,675) | (93,943) | (1,502,618) | - |
| Net cash provided by operating activities | 4,576,284 | 173,252 | 4,749,536 | 594,152 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | | | |
| Transfers to other funds | (1,294,341) | (76,106) | (1,370,447) | - |
| Transfers from other funds | 3,121,369 | - | 3,121,369 | 2,400 |
| Advances to other funds | 288,556 | (902,455) | (613,899) | 1,028,385 |
| Net cash provided (used) by noncapital financing activities | 2,115,584 | (978,561) | 1,137,023 | 1,030,785 |
| **CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES** | | | | |
| Proceeds from the issuance of debt | 555,200 | 1,980,000 | 2,535,200 | - |
| Premiums received on long-term debt | 39,674 | 146,908 | 186,582 | - |
| Payment to escrow agent | (1,195,676) | - | (1,195,676) | - |
| Bond issuance cost paid on long-term debt | (22,542) | - | (22,542) | - |
| Principal paid on bonds | (1,905,000) | - | (1,905,000) | - |
| Acquisition and construction of capital assets | (3,007,883) | - | (3,007,883) | (957,566) |
| Interest paid on bonds | (1,223,876) | (43,238) | (1,267,114) | - |
| Net cash provided (used) by capital and related financing activities | (6,760,103) | 2,083,670 | (4,676,433) | (957,566) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | |
| Reclassification of investments to cash equivalents | 2,578,976 | - | 2,578,976 | - |
| Interest on deposits and investments | 75,186 | 1,005 | 76,191 | 854 |
| Net cash provided by investing activities | 2,654,162 | 1,005 | 2,655,167 | 854 |
| Net (decrease) increase in cash and cash equivalents | 2,585,927 | 1,279,366 | 3,865,293 | 668,225 |
| Cash and cash equivalents at beginning of year | 8,097,075 | 241,429 | 8,338,504 | 1,786,548 |
| Cash and cash equivalents at end of year | $ 10,683,002 | $ 1,520,795 | $ 12,203,797 | $ 2,454,773 |
| **RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES** | | | | |
| Operating income | $ 3,904,248 | $ 179,404 | $ 4,083,652 | $ 533,037 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation | 1,068,308 | 10,892 | 1,079,200 | 41,291 |
| Increase in accounts receivable | (313,620) | (19,631) | (333,251) | (7,653) |
| Increase (decrease) in accounts payable | (132,610) | 1,723 | (130,887) | 27,477 |
| Increase in net pension liability | 114,817 | 7,221 | 122,038 | - |
| Increase in deferred outflows | (98,165) | (6,108) | (104,273) | - |
| Increase in deferred inflows | (361) | (24) | (385) | - |
| Increase (decrease) in compensated absences | 26,167 | (225) | 25,942 | - |
| Increase in customer deposits | 7,500 | - | 7,500 | - |
| Net cash provided by operating activities | $ 4,576,284 | $ 173,252 | $ 4,749,536 | $ 594,152 |
| Reconcilliation of cash and cash equivalents to the statement of net position: | | | | |
| Cash and cash equivalents | $ 7,935,034 | $ 85,795 | $ 8,020,829 | $ 2,454,773 |
| Restricted cash and cash equivalents | 2,747,968 | 1,435,000 | 4,182,968 | - |
| Total cash and cash equivalents | $ 10,683,002 | $ 1,520,795 | $ 12,203,797 | $ 2,454,773 |

*The accompanying notes are an integral part of these financial statements.*

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*The accompanying notes are an integral part of these financial statements.*

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## Note 1: Summary of Significant Accounting Policies

The financial statements of the Town of Prosper have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

Reporting Entity

The Town is a municipal corporation governed by an elected seven-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town and its component unit entity for which the Town is considered to be financially accountable.

**Blended Component Unit**

The Prosper Economic Development Corporation (EDC) serves all citizens of the Town and is governed by a board appointed by the Town's elected council. The Town and the EDC board work in tandem in determining desirable and eligible economic development projects; however, since the EDC board members serve at the pleasure of the Town Council, the Town Council is ultimately responsible for economic development projects undertaken by the Town. The scope of public service of the EDC benefits the Town and its citizens and is operated primarily within the geographic boundaries of the Town. The EDC is presented as a governmental fund type and has a September 30 year end.

Complete financial statements for the EDC may be obtained at the entity's administration office, Prosper Economic Development Corporation, P. O. Box 1060, Prosper, Texas 75078.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities,* which rely to significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from a certain legally separate *component unit* for which the primary government is financially accountable. The Fiduciary fund and any fiduciary activities of the Town are not included in these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available.

Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Impact Fee Fund*, a special revenue fund, accounts for revenues that are legally restricted for particular purposes. This fund is used to account for activity related to impact fees.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term obligation debt of governmental funds.

The *Capital Projects Fund* accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

The Town reports the following major proprietary funds:

The *Water and Sewer Fund*, an enterprise fund, is used to account for those operations that are financed and operated in a manner similar to private business or where the council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. The Town's water and sewer fund is used to account for water, sewer and sanitation operations.

The *Stormwater Drainage Fund*, an enterprise fund, is used to account for the Town's stormwater drainage utility operations.

The *Internal Service Fund* is used to accumulate and allocate costs internally among the Town's various functions. The Town uses its Internal Service Fund to account for its vehicle and equipment replacement program and employee medical reimbursement program as well as to facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because these services predominately benefit the governmental rather than the business-type functions, they have been included within governmental activities in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are general and administrative fees, street rental fees and other charges between the Town's water and sewer function and various other functions of the Town. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. The proprietary funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deposits and Investments

For purposes of the statement of cash flows, cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity date within three months of the date acquired by the Town.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain resources set aside for the repayment of bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Also included in restricted assets are capital recovery fees (impact fees) that are, by law, restricted for future capital improvements; and assets set aside for construction of future debt funded capital improvements. When the Town incurs an expense for which it may use either restricted or unrestricted assets, it uses the restricted assets first.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has items that qualify for reporting in this category. They include deferred charges on bond refundings reported in the government-wide statement of net position, as well as deferred outflows related to the Town's pension with TMRS.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has one type of item arising only under the modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet as a deferred inflow of resources. The governmental funds report unavailable revenues from property taxes and fines. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Town also has deferred inflows reported in the statement of net position related to the Town's pension with TMRS.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, as well as in the proprietary fund statement of net position. Capital assets are defined by the Town as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. During the year ended September 30, 2016, $116,298 of interest was capitalized.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

| Asset Type | Number of Years |
|---|---|
| Buildings | 20 - 30 |
| System infrastructure | 15 - 45 |
| Street infrastructure | 25 - 30 |
| Equipment | 5 - 10 |
| Vehicles | 4 - 7 |

Intangible Assets

Intangible assets are reported in the business-type activities column in the government-wide financial statements as well as in the proprietary fund statement of net position. Intangible assets with an initial, individual cost of more than $5,000 and an estimate useful life in excess of two years are recorded at historical cost or estimate historical cost if purchased or constructed. Once placed into service, the intangible asset is amortized over its estimated useful life. As of September 30, 2016, the Town's only intangible asset was related to wastewater treatment capacity rights acquired from the Upper Trinity Regional Water District. Although the capacity rights were initially acquired in March 2014, the related plant facility was not placed into service as of September 30, 2016, and therefore no related amortization has been recognized in these financial statements.

Compensated Absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position and Fund Balance

In the government-wide and proprietary fund financial statements, the Town reports restrictions of net position for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Net investment in capital assets represents the Town's investment in the book value of capital assets, less any unspent proceeds from capital-related debt issuances. Unrestricted net position consists of net position that does not meet the definition of restricted or net investment in capital assets.

The Town classifies governmental fund balances in accordance with Government Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*:

*Nonspendable* fund balance includes amounts that are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.

*Restricted* fund balance includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed* fund balance includes amounts that can be used only for the specific purposes determined and approved by passage of a formal resolution of the Town's highest level of decision-making authority, the Town Council. Commitments may be changed or lifted only by the Town taking the same formal action that imposed the constraint originally. In accordance with the Town Charter, an amount equal to twenty percent of total general fund expenditures has been identified as committed for a contingency reserve.

*Assigned* fund balance includes amounts intended to be used by the Town for specific purposes. Pursuant to Ordinance 11-66, the Town Council designated the Town Manager or his/her designee as the official authorized person to assign fund balance. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. At September 30, 2016, the Town had assigned fund balances for specific purposes including parks and recreation in the amount of $7,786.

*Unassigned* fund balance is the residual classification of the general fund and includes all amounts not contained in the other classifications.

The Town uses restricted amounts first when both restricted and unrestricted fund balances are available. Additionally, the Town would use committed, then assigned and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Town's financial goal is to achieve and maintain an unassigned fund balance in the general fund equal to twenty-five percent of budgeted expenditures, but may be reduced down to ten percent in unusual financial circumstances with a corrective five-year plan to restore the fund balance back to twenty-five percent.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates included in the financial statements are depreciation expense which is based on the estimated useful lives of the underlying depreciable assets, allowances for doubtful accounts receivables, and net pension liability which is based on various actuarial assumptions.

Recent Accounting Pronouncements

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This Statement will address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2015. Management is currently evaluating the impact, if any, this Statement will have on the Town's financial statements.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2015. Management is currently evaluating the impact, if any, this Statement will have on the Town's financial statements.

In March 2016, the GASB issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*. This Statement addresses issued regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2016. Management is currently evaluating the impact, if any, this Statement will have on the Town's financial statements.

Reclassifications

Certain reclassifications have been made to the 2015 financial statements to conform with the 2016 financial statement presentation. These reclassifications had no effect on changes in fund balances or net position.

## Note 2: Stewardship, Compliance, and Accountability

Budgetary Control

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted for the General Fund, Impact Fee Fund, Debt Service Fund, Water and Sewer Fund, and Storm Drainage Fund. Project length financial plans are adopted for all capital project funds.

## Note 3: Deposits and Investments

Deposits

At September 30, 2016, the Town's deposits were fully covered by federal depository insurance or collateral held by the pledging financial institution's trust department or agent in the Town's name and/or irrevocable standby letters of credit.

Under the Texas Local Government Investment Pool ("TexPool") Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office. Due to its short-term, highly liquid nature, TexPool investments have been reported as cash equivalents.

The Texas Short-Term Asset Reserve Investment Pool ("TexSTAR") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, chapter 791, of the Texas Government Code, and the Public Funds Investment Act, chapter 2256, of the Texas Government Code. J.P. Morgan Investment Management Inc. serves as investment advisor and co-administrator with First Southwest. TexSTAR invests in treasury and agency securities and repurchase agreements fully collateralized by government securities. The pool maintains a weighted average maturity of 60 days or less. The pool seeks to maintain a constant dollar objective. The reported value of the pool is the same as the fair value of the pool shares. Due to its short-term, highly liquid nature, investments in TexSTAR have been reported as cash equivalents.

*Custodial Credit Risk – Deposits*: In the case of deposits, this is the risk that, in the event of a bank failure, the Town's deposits may not be returned to the Town. The Town's policy regarding types of deposits allowed and collateral

requirements is: the Depository may be a state bank authorized and regulated under Texas law; a national bank, savings and loan association, or savings bank authorized and regulated by federal law; or a savings and loan association or savings bank organized under Texas law; but shall not be any bank the deposits of which are not insured by the Federal Deposit Insurance Corporation (FDIC) and pledged securities. The Town is not exposed to custodial credit risk for its deposits, as all are covered by depository insurance and pledged securities.

Investments

The Town may invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. agencies, certificates of deposit, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds and other investments specifically allowed by the Public Funds Investment Act of 1987 (Article 842a-2 Vernon's Civil Statutes).

In compliance with the Public Funds Investment Act, the Town has adopted a deposit and investment policy. That policy addresses the following risks:

*Custodial Credit Risk – Investments*: For an investment, this is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town's investments are in certificates of deposit.

*Credit Risk*: This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. It is the Town's policy to limit its investments to those investments rated at least AAAm. The credit quality rating for both TexPool and TexSTAR at year end was AAAm by Standard & Poor's.

*Interest Rate Risk*: This is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the Town manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. The maximum allowable maturity for operating funds is five years and two years for debt service funds. The weighted average maturity for the Town's investment in external investment pools is less than 60 days.

*Foreign Currency Risk:* This is the risk that exchange rates will adversely affect the fair value of an investment. The Town is not exposed to foreign currency risk.

*Concentration of Credit Risk:* This is the risk of loss attributed to the magnitude of the Town's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent (5%) or more in the securities of a single issuer. It is the Town's policy to not allow for a concentration of credit risk. Investments issued by the U. S. Government and investments in investment pools are excluded from the 5 percent (5%) disclosure requirement. The Town is not exposed to concentration of credit risk.

At year end, the Town's investment balances were as follows:

| | Fair Value | Maturity Less than One Year | Maturity Greater than One Year |
|---|---|---|---|
| Investment type: | | | |
| Certificates of deposit | $ 103,432 | - | $ 103,432 |
| Total | $ 103,432 | $ - | $ 103,432 |

**Note 4: Fair Value Measurements**

In Fiscal Year 2016, the Town adopted GASB 72, which was issued to address accounting and financial reporting issues related to fair value measurements.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1

inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs other than quoted market prices for similar assets; Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of September 30, 2016:

| | | Fair Value Measurements Using | | |
|---|---|---|---|---|
| | Fair value as of 9/30/2016 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments by fair value level | | | | |
| Certificates of deposit | $ 103,432 | $ - | $ 103,432 | $ - |
| Total investments by fair value level | $ 103,432 | $ - | $ 103,432 | $ - |

**Note 5: Receivables**

The Town's receivables as of September 30, 2016 consisted of the following:

| | General Fund | Debt Service Fund | Capital Projects Fund | Nonmajor Govern-mental Funds | Water and Sewer Fund | Stormwater Drainage Utility Fund | Internal Service Fund | Total |
|---|---|---|---|---|---|---|---|---|
| Property taxes | $ 483,627 | $ 227,346 | $ - | $ - | $ - | $ - | $ - | $ 710,973 |
| Sales tax | 847,890 | - | - | 282,630 | - | - | - | 1,130,520 |
| Utility bills | - | - | - | - | 1,707,689 | 52,547 | - | 1,760,236 |
| Interest | - | - | - | - | - | - | - | - |
| Other receivables | 388,938 | - | 17,025 | 6,900 | - | - | 13,339 | 426,202 |
| Gross receivables | 1,720,455 | 227,346 | 17,025 | 289,530 | 1,707,689 | 52,547 | 13,339 | 4,027,931 |
| Less: allowance for uncollectible accounts | (2,439) | (1,343) | - | - | (220,783) | - | - | (224,565) |
| Net receivables | $1,718,016 | $ 226,003 | $ 17,025 | $ 289,530 | $1,486,906 | $ 52,547 | $ 13,339 | $3,803,366 |

Property taxes are based on the appraised values provided by the Collin County or Denton County Central Appraisal District, whichever is applicable. Taxes are levied by October 1 of each year. Unpaid property taxes become delinquent on February 1 of the following year. Penalty is calculated after February 1 up to the date collected by the Town at the rate of 6% for the first month and increased 1% per month up to a total of 12%. Interest is calculated after February 1 at the rate of 1% per month up to the date collected by the Town. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the Town. The Town's current policy is to write-off uncollectible personal property taxes after four years.

## Note 6: Capital Assets

Capital asset activity for the year ended September 30, 2016 was as follows:

| | Balance, October 1, 2015 | Additions/ Completions | Retirements/ Adjustments | Balance, September 30, 2016 |
|---|---|---|---|---|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | $ 6,932,367 | $ - | $ - | $ 6,932,367 |
| Construction in progress | 6,137,090 | 21,279,430 | (7,939,853) | 19,476,667 |
| Total capital assets not being depreciated | 13,069,457 | 21,279,430 | (7,939,853) | 26,409,034 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 16,159,655 | - | - | 16,159,655 |
| Equipment | 7,094,620 | 1,242,759 | (445,698) | 7,891,681 |
| Infrastructure | 58,738,159 | 7,943,343 | - | 66,681,502 |
| Total assets being depreciated | 81,992,434 | 9,186,102 | (445,698) | 90,732,838 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (3,625,114) | (797,503) | 3,819 | (4,418,798) |
| Equipment | (2,902,104) | (523,923) | 438,457 | (2,987,570) |
| Infrastructure | (13,941,125) | (2,322,254) | - | (16,263,379) |
| Total accumulated depreciation | (20,468,343) | (3,643,680) | 442,276 | (23,669,747) |
| Total capital assets being depreciated, net | 61,524,091 | 5,542,422 | (3,422) | 67,063,091 |
| Governmental activities capital assets, net | $ 74,593,548 | $ 26,821,852 | $ (7,943,275) | $ 93,472,125 |
| | | | | |
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 5,000 | $ - | $ - | $ 5,000 |
| Construction in progress | 449,093 | 3,026,428 | (61,833) | 3,413,688 |
| Total capital assets, not being depreciated | 454,093 | 3,026,428 | (61,833) | 3,418,688 |
| Capital assets being depreciated: | | | | |
| Buildings and systems | 36,892,862 | 61,833 | - | 36,954,695 |
| Vehicles and equipment | 1,210,713 | 97,753 | (24,501) | 1,283,965 |
| Total assets being depreciated | 38,103,575 | 159,586 | (24,501) | 38,238,660 |
| Less accumulated depreciation for: | | | | |
| Buildings and systems | (5,796,002) | (965,104) | - | (6,761,106) |
| Vehicles and equipment | (561,459) | (114,096) | 24,501 | (651,054) |
| Total accumulated depreciation | (6,357,461) | (1,079,200) | 24,501 | (7,412,160) |
| Total capital assets being depreciated, net | 31,746,114 | (919,614) | - | 30,826,500 |
| Business-type activities capital assets, net | $ 32,200,207 | $ 2,106,814 | $ (61,833) | $ 34,245,188 |

Depreciation expense for the year ended September 30, 2016 was charged to functions/programs of the primary government as follows:

| | |
|---|---|
| Governmental activities: | |
| General government | $ 22,000 |
| Police | 77,356 |
| Dispatch | 106,000 |
| Fire | 261,862 |
| Streets | 2,298,447 |
| Parks and recreation | 858,558 |
| Inspections | 15,794 |
| Engineering | 3,663 |
| Total | $ 3,643,680 |
| Business-type activities: | |
| Water and sewer | $ 1,068,308 |
| Stormwater drainage utility | 10,892 |
| Total | $ 1,079,200 |

## Note 7: Interfund Receivables, Payables, and Transfers

Interfund balances at September 30, 2016 were as follows:

Due to/from other funds:

| Due To Fund | Due From Fund | Amount | Purpose |
|---|---|---|---|
| General Fund | Capital Projects Fund | $ 3,112,550 | Expenditure paid by General Fund |
| Water and Sewer | Capital Projects Fund | 2,187 | Short-term loans |
| Capital Projects Fund | General Fund | 251,422 | Short-term loans |
| Water and Sewer | General Fund | 91,763 | Cash deposits received |
| Nonmajor Governmental | General Fund | 1,106,019 | Short-term loans |
| Impact Fees Fund | General Fund | 606,304 | Cash deposits received |
| General Fund | Impact Fees Fund | 330 | Short-term loans |
| General Fund | Internal Service Fund | 942,259 | Short-term loans |
| General Fund | Nonmajor Governmental | 175 | Short-term loans |
| Nonmajor Governmental | Other Nonmajor Governmental | 378,620 | Short-term loans |
| General Fund | Stormwater Drainage | 4,731 | End-of-year payroll |
| Nonmajor Governmental | Stormwater Drainage | 35,000 | Short-term loans |
| General Fund | Water and Sewer | 518,130 | Short-term loans |
| Impact Fees Fund | Water and Sewer | 233,500 | Cash deposits received |
| Stormwater Drainage | Water and Sewer | 729,604 | Bond proceeds |
| Nonmajor Governmental | Water and Sewer | 2,503 | Short-term loans |
| | | $ 8,015,097 | |

The outstanding balances between funds result mainly from the time lag between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund transfers:

| Transfer From | Transfer To | Amount | Purpose |
|---|---|---|---|
| General Fund | Capital Projects Fund | $ 2,633,285 | Capital outlay |
| Impact Fees Fund | Capital Projects Fund | 1,304,837 | Capital outlay |
| Impact Fees Fund | General Fund | 33,000 | Administrative |
| Impact Fees Fund | Water and Sewer | 3,063,869 | Capital outlay |
| Nonmajor Governmental | Capital Projects Fund | 4,065,033 | Capital outlay |
| Nonmajor Governmental | General Fund | 6,906 | Administrative |
| Nonmajor Governmental | Other Nonmajor Governmental | 2,350,028 | Administrative |
| Stormwater Drainage | General Fund | 18,366 | Administrative |
| Stormwater Drainage | Internal Service Fund | 240 | Administrative |
| Stormwater Drainage | Water and Sewer | 57,500 | Capital outlay |
| Water and Sewer | Capital Projects Fund | 219,381 | Capital outlay |
| Water and Sewer | General Fund | 1,072,800 | Debt service |
| Water and Sewer | Internal Service Fund | 2,160 | Administrative |
| | | $ 14,827,405 | |

**Note 8: Long-term Liabilities**

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and equipment. General obligation bonds have been issued for both governmental and business-type activities. The Town also issues revenue bonds where the Town pledges income derived from the acquired or constructed assets to pay debt service. The certificates of obligation will be repaid by the debt service fund in combination with system revenues.

The following is a summary of long-term liabilities for the year ended September 30, 2016:

| | Balance 10/1/2015 | Issued | Refunded/ Retired | Balance 9/30/2016 | Amount Due Within one Year |
|---|---|---|---|---|---|
| Governmental Activities: | | | | | |
| Compensated absences | $ 731,700 | $ 670,410 | $ (623,624) | $ 778,486 | $ 194,520 |
| Net pension liability | 1,349,376 | 858,480 | - | 2,207,856 | - |
| Bonds | 37,054,250 | 13,439,800 | (4,649,700) | 45,844,350 | 2,362,950 |
| Bond premium on issuance | 2,852,129 | 1,408,270 | (251,157) | 4,009,242 | - |
| Total Governmental | 41,987,455 | 16,376,960 | (5,524,481) | 52,839,934 | 2,557,470 |
| Business-type Activities: | | | | | |
| Compensated absences | 86,386 | 99,447 | (73,505) | 112,328 | 27,379 |
| Net pension liability | 201,581 | 124,288 | - | 325,869 | - |
| Bonds | 31,695,750 | 2,535,200 | (3,120,300) | 31,110,650 | 1,972,050 |
| Bond premium on issuance | 1,938,478 | 209,041 | (161,891) | 1,985,628 | - |
| Total Business-type | 33,922,195 | 2,967,976 | (3,355,696) | 33,534,475 | 1,999,429 |
| Total Primary Government | $ 75,909,650 | $ 19,344,936 | $ (8,880,177) | $ 86,374,409 | $ 4,556,899 |

In July 2016, the Town issued refunding bonds of $7,505,000 General Obligation Refunding and Improvement Bonds, Series 2016 for the purpose of refunding $4,005,000 of certificates of obligation of the Town, in order to lower the overall debt service requirements of the Town and to pay costs associated with the issuance of the bonds. As a result of

this refunding, the Town recognized an economic gain of $222,793 and cash flows savings (difference between debt service requirements of old debt versus the new debt) of $203,074.

The Town is not currently subject to any legal debt margin requirements.

Bonds, certificates of obligation, and tax notes at September 30, 2016 are comprised of the following issues for the Debt Service Fund, the Water and Sewer Fund, and the Stormwater Drainage Utility Fund:

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| 2008 Certificates of Obligation (90% debt service fund portion and 10% water and sewer fund portion) issued December 2, 2008, and maturing February 15, 2011 to February 15, 2021. Interest payable February 15 and August 15 at rates ranging from 2.% to 5.0%. | $ 1,089,000 | $ 121,000 | $ 1,210,000 |
| Tax Notes, Series 2010 (100% debt service fund) issued October 1, 2010, and maturing February 15, 2012 to February 15, 2017. Interest payable February 15th and August 15th at rates ranging from 1.15% to 1.85%. | 365,000 | - | 365,000 |
| 2011 General Obligation Refunding and Improvement bonds (39% debt service fund portion and 61% water and sewer fund portion) issued September 1, 2011, and maturing February 15, 2018. Interest payable February 15 and August 15 at rates ranging from 1.75% to 2.0%. | 232,050 | 362,950 | 595,000 |
| 2012 General Obligation Bonds (100% debt service fund) issued June 15, 2012, and maturing February 15, 2032. Interest payable February 15 and August 15 at rates ranging from 1.38% to 3.25%. | 3,510,000 | - | 3,510,000 |
| 2012 Certificates of Obligation (83% water and sewer fund portion and 17% stormwater drainage fund portion) issued June 15, 2012, maturing February 15, 2032. Interest payable February 15 and August 15 at rates ranging from .40% to 3.25%. | - | 5,215,000 | 5,215,000 |
| 2013 General Obligation Refunding Bonds (100% debt service fund) issued June 15, 2013, maturing August 15, 2029. Interest payable February 15 and August 15 at rates ranging from 2.0% to 4.0%. | 3,395,000 | - | 3,395,000 |
| 2013 Certificates of Obligation (100% water and sewer fund) issued June 15, 2013, maturing August 15, 2029. Interest payable February 15 and August 15 at rates ranging from 2.0% to 4.0%. | - | 4,645,000 | 4,645,000 |
| 2014 General Obligation Improvement Bonds (47% debt service fund portion and 53% water and sewer fund portion) issued February 15, 2014, maturing February 15, 2034. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5.0%. | 2,895,000 | 3,205,000 | 6,100,000 |

*(continued)*

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| 2014 Certificates of Obligation (100% water and sewer fund) issued February 15, 2014, maturing February 15, 2034. Interest payable February 15 and August 15 at rates ranging from 2.0% to 4.0%. | - | 11,675,000 | 11,675,000 |
| 2015 General Obligation Refunding and Improvement Bonds (79% debt service fund portion and 21% water and sewer portion) issued July 15, 2015, maturing February 15, 2035. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5.0%. | 12,783,500 | 3,351,500 | 16,135,000 |
| 2015 Certificates of Obligation (100% debt service fund) issued July 15, 2015, maturing February 15, 2035. Interest payable February 15 and August 15 at rates ranging from 2.0% to 5.0%. | 8,135,000 | - | 8,135,000 |
| 2016 General Obligation Refunding and Improvement Bonds (84% debt service fund portion and 16% water and sewer fund portion) issued July 12, 2016, maturing February 15, 2034. Interest payable February 15 and August 15 at rates ranging from 2.00% to 4.00%. | 6,279,800 | 1,225,200 | 7,505,000 |
| 2016 Certificates of Obligation (84% debt service fund portion and 16% stormwater drainage fund portion) issued July 12, 2016, maturing February 15, 2034. Interest payable February 15 and August 15 at rates ranging from 2.00% to 4.00%. | 7,160,000 | 1,310,000 | 8,470,000 |
| | $ 45,844,350 | $ 31,110,650 | $ 76,955,000 |

The annual requirements to amortize the combined debt outstanding for the Debt Service Fund and Water and Sewer Fund as of September 30, 2016, are as follows:

| | Governmental Activities | | Business-Type Activities | | | | |
|---|---|---|---|---|---|---|---|
| Year Ended September 30, | Principal | Interest | Principal | Interest | Total Principal | Total Interest | Total Obligation |
| 2017 | 2,362,950 | 1,798,869 | 1,972,050 | 1,176,451 | 4,335,000 | 2,975,320 | 7,310,320 |
| 2018 | 1,979,100 | 1,729,745 | 2,020,900 | 1,130,744 | 4,000,000 | 2,860,489 | 6,860,489 |
| 2019 | 1,831,800 | 1,673,745 | 1,888,200 | 1,077,568 | 3,720,000 | 2,751,313 | 6,471,313 |
| 2020 | 2,011,600 | 1,618,910 | 1,918,400 | 1,013,678 | 3,930,000 | 2,632,588 | 6,562,588 |
| 2021 | 2,234,200 | 1,554,945 | 1,975,800 | 941,968 | 4,210,000 | 2,496,913 | 6,706,913 |
| 2022-2026 | 13,211,200 | 6,205,089 | 9,803,800 | 3,425,089 | 23,015,000 | 9,630,178 | 32,645,178 |
| 2027-2031 | 12,873,500 | 3,178,263 | 7,461,500 | 1,698,182 | 20,335,000 | 4,876,445 | 25,211,445 |
| 2032-2036 | 9,340,000 | 834,482 | 4,070,000 | 311,157 | 13,410,000 | 1,145,639 | 14,555,639 |
| Total | 45,844,350 | 18,594,048 | 31,110,650 | 10,774,837 | 76,955,000 | 29,368,885 | 106,323,885 |

## Note 9: Restricted Assets

The balances of restricted asset accounts are as follows:

| | | | |
|---|---|---|---|
| Business-type Activities | | | |
| Water and Sewer Fund | Capital projects (Unspent bond proceeds) | $ | 2,669,968 |
| Water and Sewer Fund | Customer deposits/escrow | | 78,000 |
| Stormwater Drainage Fund | Capital projects (Unspent bond proceeds) | | 1,435,000 |
| | | $ | 4,182,968 |

## Note 10: Assigned Fund Balance

A portion of the Town's governmental fund balances are assigned for the following purposes:

| | | |
|---|---|---|
| Assigned for: | | |
| Parks and recreation | $ | 2,148,564 |
| Special revenue/contributions | | 2,088,642 |
| Economic development | | 3,549,175 |
| | $ | 7,786,381 |

## Note 11: Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town is a participant in the Texas Municipal League Workers' Compensation Joint Insurance Fund (WC Fund) and the Texas Municipal League Joint Self-Insurance Fund (Property-Liability Fund), a public entity risk pool operated by the Texas Municipal League Board for the benefit of individual governmental units located in Texas. The Town pays an annual premium to the Funds for its workers' compensation and property and liability insurance coverage. The WC Fund and the Property-Liability Fund are considered self-sustaining risk pools that provide coverage for their members for up to $2,000,000 per insured event. The Town also maintains insurance coverage for cyber attacks. There were no significant reductions in insurance coverage from the previous year. Settled claims for risks have not exceeded insurance coverage in any of the past three years.

## Note 12: Texas Municipal Retirement System

Plan Description

The Town participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at *www.TMRS.org*.

All eligible employees of the Town are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the Town, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the Town-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest. A member city may elect to increase the annuities of its retirees, either annually or on an annually repeating basis, effective January 1 of a calendar year. The Town has adopted annuity increases as a rate equal to 70% of the increase (if any) in the Consumer Price Index – all Urban Consumers (CPI-U) between the December preceding the member's retirement date and the December one year before the effective date of the increase, minus any previously granted increases.

The plan provisions are adopted by the governing body of each city, within the options available in the state statutes governing TMRS. The Town has elected that members can retire at age 60 and above with 5 or more years of service or with 20 years of service regardless of age. The Town does not provide supplemental death benefits. Members may work for more than one TMRS city during their career. If a member is vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

At the December 31, 2015 valuation and measurement date, the following numbers of employees were covered by the benefit terms:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 11 |
| Inactive employees entitled to but not yet receiving benefits | 54 |
| Active employees | 121 |
| Total | 186 |

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Town were required to contribute 7% of their annual gross earnings during the fiscal year. The Town did not change its employee contribution rate during the year. The contribution rates for the Town were 11.68% and 12.37% in calendar years 2015 and 2016, respectively. The Town's contributions to TMRS for the year ended September 30, 2016, were $1,072,237, and were equal to the required contributions.

Net Pension Liability

The Town's Net Pension Liability (NPL) was measured as of December 31, 2015, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

The Total Pension Liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---|---|
| Inflation | 2.50% per year |
| Overall payroll growth | 3.00% per year |
| Investment Rate of Return | 6.75% net of pension plan investment expense, including inflation |

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the Gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by

scale BB to account for future mortality improvements. For disabled annuitants, the Gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies performed by TMRS. The most recent experience study was for the period January 1, 2010 through December 31, 2014, first used in the December 31, 2015 valuation. As a result of this study, several assumption changes were adopted, including a reduction of the inflation assumption from 3.00% to 2.50% and the investment return assumption from 7.00% to 6.75%. Assumptions are reviewed annually. No other significant changes were made for the actuarial valuation performed on December 31, 2015.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Domestic Equity | 17.50% | 4.80% |
| International Equity | 17.50% | 6.05% |
| Core Fixed Income | 30.00% | 1.50% |
| Non-Core Fixed Income | 10.00% | 3.50% |
| Real Return | 5.00% | 1.75% |
| Real Estate | 10.00% | 5.25% |
| Absolute Return | 5.00% | 4.25% |
| Private Equity | 5.00% | 8.50% |
| Total | 100.00% | |

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability are summarized in the following table:

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability/(Asset) (a) - (b) |
| Balance at 12/31/2014 | $ 9,775,088 | $ 8,224,131 | $ 1,550,957 |
| Changes for the year: | | | |
| Service Cost | 1,457,871 | - | 1,457,871 |
| Interest | 732,791 | - | 732,791 |
| Difference between expected and actual experience | 264,111 | - | 264,111 |
| Changes of assumptions | (14,368) | - | (14,368) |
| Contributions - employer | - | 914,153 | (914,153) |
| Contributions - employee | - | 539,096 | (539,096) |
| Net investment income | - | 12,142 | (12,142) |
| Benefit payments, including refunds of employee contributions | (71,162) | (71,162) | - |
| Administrative expense | - | (7,392) | 7,392 |
| Other changes | - | (362) | 362 |
| Net changes | 2,369,243 | 1,386,475 | 982,768 |
| Balance at 12/31/2015 | $ 12,144,331 | $ 9,610,606 | $ 2,533,725 |

The following presents the net pension liability of the Town, calculated using the discount rate of 6.75%, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

| | 1% Decrease in Discount Rate (5.75%) | Discount Rate (6.75%) | 1% Increase in Discount Rate (7.75%) |
|---|---|---|---|
| Town's net pension liability | $ 5,123,441 | $ 2,533,725 | $ 498,360 |

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained electronically at *www.TMRS.org*.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the Town recognized pension expense of $1,234,620.

At September 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 225,498 | $ 84,024 |
| Changes in actuarial assumptions | - | 12,267 |
| Difference between projected and actual investment earnings | 502,073 | - |
| Contributions subsequent to the measurement date | 824,891 | - |
| Total | $ 1,552,462 | $ 96,291 |

The $824,891 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2017. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended September 30, | |
|---|---|
| 2017 | $ 150,986 |
| 2018 | 150,986 |
| 2019 | 150,984 |
| 2020 | 133,909 |
| 2021 | 21,198 |
| Thereafter | 23,217 |
| Total | $ 631,280 |

## Note 13: Prior Period Adjustments

During fiscal year 2016, the Town recorded prior period adjustments to correct previously stated balances as follows:

| | Impact Fees Fund | Capital Projects Fund | Nonmajor Governmental Funds | Governmental Activities | Water and Sewer Fund | Stormwater Drainage Fund | Business-type Activities |
|---|---|---|---|---|---|---|---|
| September 30, 2015 balance (as previously stated) | $ 14,659,854 | $12,753,873 | $ 7,778,803 | $ 35,192,530 | $ 24,158,199 | $ 311,793 | $ 24,469,992 |
| Adjustment for: | | | | | | | |
| UTRWD impact fees collected | 233,500 | - | - | 233,500 | (233,500) | - | (233,500) |
| Correction of retainage liabilities | - | (24,187) | 166,574 | 142,387 | 15,000 | - | 15,000 |
| Correction of intangible asset amortization | - | - | - | - | 519,297 | - | 519,297 |
| Correction of due to/due from balances | (2,915,640) | 3,989,016 | (549,260) | 524,116 | (314,391) | (209,725) | (524,116) |
| September 30, 2015 balance (restated) | $ 11,977,714 | $16,718,702 | $ 7,396,117 | $ 36,092,533 | $ 24,144,605 | $ 102,068 | $ 24,246,673 |

## Note 14: Commitments and Contingencies

At September 30, 2016, the total estimated costs to complete significant construction projects in progress at year-end totaled approximately $20,746,239 for the Capital Projects Fund.

The Town is a defendant in several pending lawsuits. Town management estimates, based on the advice of legal counsel, that the potential claims against the Town, in excess of insurance coverage, would not materially affect the basic financial statements of the Town. The Town also participates in a number of federal and state grant programs. These programs are subject to compliance audits by the grantors or their representatives. Any liability that may arise as of the result of these audits is not believed to be estimable or probable.

**Note 15: Subsequent Events**

Management has evaluated subsequent events through March 14, 2017, the date the financial statements were available to be issued. No changes were made, or are necessary to be made, to the financial statements as a result of this evaluation.

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# REQUIRED SUPPLEMENTARY INFORMATION SECTION

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**TOWN OF PROSPER, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget (GAAP Basis) and Actual – General Fund
For the Year Ended September 30, 2016

| | General Fund | | | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual Amounts | |
| REVENUES: | | | | |
| Taxes | | | | |
| Property | $ 8,447,169 | $ 8,447,169 | $ 8,458,487 | $ 11,318 |
| Sales | 3,436,640 | 3,436,640 | 4,210,957 | 774,317 |
| Franchise | 719,700 | 719,700 | 736,741 | 17,041 |
| Licenses and permits | 2,582,000 | 2,582,000 | 3,115,829 | 533,829 |
| Charges for services | 354,108 | 354,108 | 438,720 | 84,612 |
| Grants | 22,335 | 22,335 | 23,539 | 1,204 |
| Investment income | 42,000 | 42,000 | 35,810 | (6,190) |
| Fines, fees, warrants and seizures | 899,635 | 899,635 | 1,512,359 | 612,724 |
| Miscellaneous | 37,550 | 37,550 | 259,502 | 221,952 |
| Total Revenues | 16,541,137 | 16,541,137 | 18,791,944 | 2,250,807 |
| EXPENDITURES: | | | | |
| General government | 2,267,561 | 2,315,744 | 2,075,295 | 240,449 |
| Court | 281,807 | 280,148 | 280,099 | 49 |
| Police | 2,418,242 | 2,390,841 | 2,266,921 | 123,920 |
| Dispatch | 804,663 | 806,588 | 627,404 | 179,184 |
| Fire | 4,085,829 | 4,065,082 | 3,500,791 | 564,291 |
| Engineering | 816,332 | 816,304 | 701,792 | 114,512 |
| Streets | 1,926,382 | 722,577 | 648,507 | 74,070 |
| Parks and recreation | 1,902,245 | 1,922,873 | 1,908,570 | 14,303 |
| Library | 208,774 | 206,543 | 203,072 | 3,471 |
| Inspections | 1,456,067 | 1,442,968 | 1,307,368 | 135,600 |
| Code enforcement | 164,546 | 176,631 | 167,580 | 9,051 |
| Planning | 538,366 | 556,292 | 494,164 | 62,128 |
| Non-departmental | 359,186 | 350,276 | 277,713 | 72,563 |
| Capital outlay | 232,295 | 279,520 | 369,988 | (90,468) |
| Total Expenditures | 17,462,295 | 16,332,387 | 14,829,264 | 1,503,123 |
| Excess of revenues over expenditures | (921,158) | 208,750 | 3,962,680 | 3,753,930 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 1,091,166 | 1,124,166 | 1,131,072 | 6,906 |
| Transfers out | - | (2,381,863) | (2,633,285) | (251,422) |
| Total Other Financing Sources (Uses) | 1,091,166 | (1,257,697) | (1,502,213) | (244,516) |
| Change in fund balance | 170,008 | (1,048,947) | 2,460,467 | 3,509,414 |
| Fund balance, beginning | 7,567,907 | 7,567,907 | 7,567,907 | - |
| Fund balance, ending | $ 7,737,915 | $ 6,518,960 | $10,028,374 | $ 3,509,414 |

**TOWN OF PROSPER, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget (GAAP Basis) and Actual – Impact Fees Fund
For the Year Ended September 30, 2016

| | Impact Fees Fund | | | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual Amounts | |
| REVENUES: | | | | |
| Impact fees | $ 6,408,100 | $ 6,408,100 | $ 9,611,964 | $ 3,203,864 |
| Investment income | 36,400 | 36,400 | 73,384 | 36,984 |
| Total Revenues | 6,444,500 | 6,444,500 | 9,685,348 | 3,240,848 |
| EXPENDITURES: | | | | |
| Streets | 2,988,786 | 3,098,896 | 3,798,293 | (699,397) |
| Capital outlay | 13,216,207 | 13,436,207 | 1,043,452 | 12,392,755 |
| Total Expenditures | 16,204,993 | 16,535,103 | 4,841,745 | 11,693,358 |
| Excess of revenues over expenditures | (9,760,493) | (10,090,603) | 4,843,603 | 14,934,206 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (33,000) | (4,401,706) | (4,368,706) |
| Total Other Financing Sources (Uses) | - | (33,000) | (4,401,706) | (4,368,706) |
| Change in fund balance | (9,760,493) | (10,123,603) | 441,897 | 10,565,500 |
| Fund balance - beginning (as previously stated) | 14,659,854 | 14,659,854 | 14,659,854 | - |
| Prior period adjustment | - | - | (2,682,140) | (2,682,140) |
| Fund balance - beginning (restated) | 14,659,854 | 14,659,854 | 11,977,714 | (2,682,140) |
| Fund balance, ending | $ 4,899,361 | $ 4,536,251 | $12,419,611 | $ 7,883,360 |

**TOWN OF PROSPER, TEXAS**
Schedule of Changes in Net Pension Liability and Related Ratios
Texas Municipal Retirement System
For the Year Ended September 30, 2016

| | Year Ended December 31, 2016 | Year Ended December 31, 2015 |
|---|---|---|
| Total Pension Liability | | |
| Service cost | $ 1,457,871 | $ 1,149,110 |
| Interest on total pension liability | 732,791 | 610,963 |
| Changes of benefit terms | - | - |
| Differences between expected and actual experience | 264,111 | (114,652) |
| Change of assumptions | (14,368) | - |
| Benefit payments/refunds of contributions | (71,162) | (47,637) |
| Net change in total pension liability | 2,369,243 | 1,597,784 |
| Total pension liability, beginning | 9,775,088 | 8,177,304 |
| Total pension liability, ending (a) | $ 12,144,331 | $ 9,775,088 |
| Fiduciary Net Position | | |
| Contributions - Employer | $ 914,153 | $ 723,677 |
| Contributions - Employee | 539,096 | 471,670 |
| Net investment income | 12,145 | 383,420 |
| Benefit payments/refunds of contributions | (71,162) | (47,637) |
| Administrative expenses | (7,392) | (4,000) |
| Other | (365) | (329) |
| Net change in fiduciary net position | 1,386,475 | 1,526,801 |
| Fiduciary net position, beginning | 8,224,131 | 6,697,330 |
| Fiduciary net position, ending (b) | $ 9,610,606 | $ 8,224,131 |
| Net pension liability / (asset), ending = (a) - (b) | 2,533,725 | 1,550,957 |
| Fiduciary net position as a percentage of total pension liability | 79.14% | 84.13% |
| Covered-employee payroll | $ 7,701,377 | $ 6,738,149 |
| Net pension liability as a percentage of covered payroll | 32.90% | 23.02% |

*This schedule is intended to show information for 10 years. Information for additional years will be displayed as it becomes available.*

**TOWN OF PROSPER, TEXAS**
Schedule of Employer Contributions
Texas Municipal Retirement System
For the Year Ended September 30, 2016

| Year Ending September 30, | Actuarially Determined Contribution | Actual Employer Contribution | Contribution Deficiency (Excess) | Covered-employee Payroll | Actual Contributions as a Percentage of Covered-employee Payroll |
|---|---|---|---|---|---|
| 2016 | $ 1,073,556 | $ 1,072,237 | 1,319 | $ 8,678,705 | 12.4% |
| 2015 | $ 842,892 | $ 842,892 | - | $ 7,560,918 | 11.1% |

*This schedule is intended to show information for 10 years. Information for additional years will be displayed as it becomes available.*

**Note A: Budgetary Procedures**

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to August 16, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain taxpayer comments.

3. On the first meeting in September, the budget is legally enacted through the passage of an ordinance.

4. The Town Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revision that alters total expenditures of any fund must be approved by the Town Council.

5. Formal budgetary integration, using the modified accrual basis, is employed as a management control device during the year for the General Fund and Impact Fees Fund. Supplemental appropriations were made during the fiscal year for the each of these funds.

6. The budgets approved for the Water and Sewer Fund and Stormwater Drainage Fund follow similar approval procedures but depart from accounting principles generally accepted in the United States of America by not including depreciation and amortization in the approved budget. These amounts are reported at year end as part of the "actual" column. Supplemental appropriations were made during the year.

7. The Debt Service and Capital Projects Funds have formal budgets and are controlled by contractual obligations approved at inception or as part of the General Fund on an annual basis. The nonmajor governmental funds are also budgeted.

**Note B: Net Pension Liability – Texas Municipal Retirement System**

Assumptions

The following methods and assumptions were used to determine contribution rates:

| | |
|---|---|
| **Valuation date** | Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later. |
| **Actuarial cost method** | Entry Age Normal |
| **Amortization method** | Level Percentage of Payroll, Closed |
| **Remaining amortization period** | 28 years |
| **Asset valuation method** | 10 Year smoothed market; 15% soft corridor |
| **Inflation** | 2.5% |
| **Salary increases** | 3.50% to 10.50%, including inflation |
| **Investment rate of return** | 6.75% |
| **Retirement age** | Experience-based table of rates that are specific to the Town's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014 |

| | |
|---|---|
| **Mortality** | RP-2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB |

Changes of Benefit Terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes in the Size or Composition of the Population Covered by the Benefit Terms

There were no changes in the size or composition of the population covered by the benefit terms during the measurement period.

Changes of Assumptions

During the measurement period, the inflation assumption was reduced from 3.00% to 2.50% and the investment return assumption was reduced from 7.00% to 6.5%. Additionally, the range of assumed salary increases was changed from 3.50% - 12.00% to 3.50% - 10.50%, and the retirement age experienced-based table was updated based on a recent experience study.

# COMBINING AND INDIVIDUAL FUND SCHEDULES

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**TOWN OF PROSPER, TEXAS**

Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget (GAAP Basis) and Actual – Debt Service Fund
For the Year Ended September 30, 2016

| | Debt Service Fund | | | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual Amounts | |
| REVENUES: | | | | |
| Property taxes | $ 3,403,269 | $ 3,403,269 | $ 3,740,565 | $ 337,296 |
| Investment income | 15,000 | 15,000 | 21,252 | 6,252 |
| Total Revenues | 3,418,269 | 3,418,269 | 3,761,817 | 343,548 |
| EXPENDITURES: | | | | |
| Debt service: | | | | |
| Principal | 3,384,040 | 3,384,040 | 1,860,000 | 1,524,040 |
| Interest and fiscal charges | - | - | 1,526,501 | (1,526,501) |
| Bond issue costs and fees | 21,000 | 21,000 | 3,600 | 17,400 |
| Total Expenditures | 3,405,040 | 3,405,040 | 3,390,101 | 14,939 |
| Change in fund balance | 13,229 | 13,229 | 371,716 | 358,487 |
| Fund balance, beginning | 1,470,009 | 1,470,009 | 1,470,009 | - |
| Fund balance, ending | $ 1,483,238 | $ 1,483,238 | $ 1,841,725 | $ 358,487 |

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**NON-MAJOR GOVERNMENTAL FUNDS**

Special Revenue

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are normally restricted to expenditures for specified purposes.

*PROSPER CHRISTMAS FUND* - This fund was established to account for contributions received to the Town to provide an annual Christmas event.

*COURT TECHNOLOGY FUND* – This fund is to account for a misdemeanor offense to pay a technology fee of $4 as technology cost of the court. These funds are used to finance the purchase of or to maintain technology enhancements for the municipal court for the following: computer systems, networks, hardware, and software; electronic kiosks; electronic ticket writers; and docket management systems.

*COURT SECURITY FUND* – This fund is to account for a misdemeanor offense to pay a $3 security fee as a cost of the court. These funds are used to finance security personnel, services and items related to the facility that house the operations of the municipal court.

*ESCROW FUND* – This fund is to account for developer contributions that are held in escrow to fund back to developer once project has met the requirements as specified in the agreement approved by Council.

*PARKS & RECREATION FUND* – This funds activity reflects the closure of this fund to create the Parks Dedication and Parks Improvement Fund for better accountability. This fund will no longer exist after the fiscal year ending September 30, 2016.

*PARKS DEDICATION FUND* – This fund is to account for contributions to the Town for the creation of parks with in the Town per development agreements. Fund expenditures must be used for the acquisition, development, expansion or upgrading of parks located within the same park district or general area where the proposed development for which payment was made is located.

*PARKS IMPROVEMENT FUND* – This fund is to account for contributions to the Town for improvements to Town Parks per development agreements. To repay Developers for the reasonable costs of any park improvements constructed and accepted by the Town. For multifamily development projects and for complete phases of a single-family subdivision plat, the Developer may elect to apply the entire amount to be reimbursed under this Section as a credit against park fees due for the residential development; provided that the application of the credit does not result in a partial fee for any dwelling unit, in accordance with guidelines established by the Town. The Town shall retain sole discretion to determine whether to accept proposed park improvements.

*CONTRIBUTIONS FUND* – This fund is to account for various special revenue sources. Typical revenues seen in this fund would include Police department donations, Fire department donations, Police Seized funds, Child Safety funds, and developer contributions.

*ECONOMIC DEVELOPMENT CORPORATION* – On May 6, 1995, Town of Prosper voters approved the 4A Sales Tax proposition which increased the sales and use tax by ½ of the 1% for the promotion and development of new and expanded business enterprises. The Corporation is town-chartered and governed by a 7-member Board of Directors appointed by the Town Council. 4A eligible projects include land, buildings, equipment, facilities, improvements, and expenditures related to: light manufacturing, R&D, recycling, small warehouse and corporate headquarters facilities and distribution centers; job training for primary jobs and commercial/retail; infrastructure assistance for commercial/retail projects; business-related sewer utilities and site improvements; business airport facilities and port-related facilities; and general airport facilities.

**TOWN OF PROSPER, TEXAS**
Combining Balance Sheet – Nonmajor Governmental Funds
For the Year Ended September 30, 2016

| | Prosper Christmas Fund | Court Technology Fund | Court Security Fund | Escrow Fund |
|---|---|---|---|---|
| **ASSETS** | | | | |
| Cash and cash equivalents | $ - | $ - | $ 32,564 | $ 674,743 |
| Taxes receivable (net) | - | - | - | - |
| Accounts receivable (net) | - | - | - | - |
| Due from other funds | 4,784 | 202 | 109 | 888,721 |
| **Total Assets** | $ 4,784 | $ 202 | $ 32,673 | $ 1,563,464 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE** | | | | |
| **Liabilities** | | | | |
| Accounts payable and accrued expenses | $ 3,458 | $ 202 | $ 74 | $ - |
| Unearned revenue | 1,326 | - | - | - |
| Escrow payable | - | - | - | 1,563,464 |
| Due to other funds | - | - | 175 | - |
| Total Liabilities | 4,784 | 202 | 249 | 1,563,464 |
| **Fund Balance** | | | | |
| Restricted for: | | | | |
| Courts | - | - | 32,424 | - |
| Assigned | - | - | - | - |
| Total Fund Balance | - | - | 32,424 | - |
| **Total Liabilities, Deferred Inflows of Resources and Fund Balance** | $ 4,784 | $ 202 | $ 32,673 | $ 1,563,464 |

*(continued)*

| Parks Dedication Fees | Parks Improvement Fees | Contributions Fund | Economic Development Corporation | Total Nonmajor Governmental Funds |
|---|---|---|---|---|
| $ 1,141,997 | $ 518,684 | $ 2,459,213 | $ 3,274,697 | $ 8,101,898 |
| - | - | - | 282,630 | 282,630 |
| - | - | 6,900 | - | 6,900 |
| 44,126 | 581,547 | 2,653 | - | 1,522,142 |
| $ 1,186,123 | $ 1,100,231 | $ 2,468,766 | $ 3,557,327 | $ 9,913,570 |
| | | | | |
| $ - | $ 137,790 | $ 528 | $ 8,152 | $ 150,204 |
| - | - | - | - | 1,326 |
| - | - | 976 | - | 1,564,440 |
| - | - | 378,620 | - | 378,795 |
| - | 137,790 | 380,124 | 8,152 | 2,094,765 |
| | | | | |
| - | - | - | - | 32,424 |
| 1,186,123 | 962,441 | 2,088,642 | 3,549,175 | 7,786,381 |
| 1,186,123 | 962,441 | 2,088,642 | 3,549,175 | 7,818,805 |
| | | | | |
| $ 1,186,123 | $ 1,100,231 | $ 2,468,766 | $ 3,557,327 | $ 9,913,570 |

**TOWN OF PROSPER, TEXAS**
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Nonmajor Governmental Funds
For the Year Ended September 30, 2016

| | Prosper Christmas Fund | Court Technology Fund | Court Security Fund | Escrow Fund |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Sales taxes | $ - | $ - | $ - | $ - |
| Escrow income | - | - | - | 3,558,118 |
| Grants | - | - | - | - |
| Investment income | - | - | - | 16,926 |
| Fines, fees, warrants, and seizures | - | 9,706 | 7,279 | - |
| Contributions | 13,264 | - | - | - |
| Miscellaneous | - | - | - | - |
| Total Revenues | 13,264 | 9,706 | 7,279 | 3,575,044 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| Police | - | - | - | - |
| Court | - | - | 6,597 | - |
| Fire | - | - | - | - |
| Parks and recreation | 29,667 | - | - | - |
| Economic development | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total Expenditures | 29,667 | - | 6,597 | - |
| **Excess (Deficiency) of Revenue over Expenditures** | (16,403) | 9,706 | 682 | 3,575,044 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfer in | 16,403 | 34 | 31,742 | 489,989 |
| Transfer out | - | (9,740) | - | (4,065,033) |
| Total Other Financing Sources (Uses) | 16,403 | (9,706) | 31,742 | (3,575,044) |
| **Net change in fund balances** | - | - | 32,424 | - |
| **Fund balances, beginning** (as previously stated) | - | - | - | - |
| **Prior period adjustment** | - | - | - | - |
| **Fund balances, beginning** (restated) | - | - | - | - |
| **Fund balances, ending** | $ - | $ - | $ 32,424 | $ - |

*(continued)*

| Parks and Recreation Fund | Parks Dedication Fees | Parks Improvement Fees | Contributions Fund | Economic Development Corporation | Total Nonmajor Governmental Funds |
|---|---|---|---|---|---|
| $ - | $ - | $ - | $ - | $ 1,398,197 | $ 1,398,197 |
| - | - | - | - | - | 3,558,118 |
| - | - | - | 1,800 | - | 1,800 |
| - | 6,714 | 3,833 | 9,506 | 21,883 | 58,862 |
| - | - | - | 1,128 | - | 18,113 |
| - | 677,949 | 1,021,167 | 88,328 | - | 1,800,708 |
| - | - | - | 1,769 | 16,250 | 18,019 |
| - | 684,663 | 1,025,000 | 102,531 | 1,436,330 | 6,853,817 |
| - | - | - | 5,009 | - | 5,009 |
| - | - | - | 2,400 | - | 8,997 |
| - | - | - | 3,587 | - | 3,587 |
| - | - | 17,051 | 817 | - | 47,535 |
| - | - | - | - | 947,894 | 947,894 |
| - | 596,788 | 749,380 | - | - | 1,346,168 |
| - | 596,788 | 766,431 | 11,813 | 947,894 | 2,359,190 |
| - | 87,875 | 258,569 | 90,718 | 488,436 | 4,494,627 |
| - | 1,098,248 | 703,872 | 9,740 | - | 2,350,028 |
| (1,802,120) | - | - | (545,074) | - | (6,421,967) |
| (1,802,120) | 1,098,248 | 703,872 | (535,334) | - | (4,071,939) |
| (1,802,120) | 1,186,123 | 962,441 | (444,616) | 488,436 | 422,688 |
| 2,296,789 | - | - | 2,421,275 | 3,060,739 | 7,778,803 |
| (494,669) | - | - | 111,983 | - | (382,686) |
| 1,802,120 | - | - | 2,533,258 | 3,060,739 | 7,396,117 |
| $ - | $ 1,186,123 | $ 962,441 | $ 2,088,642 | $ 3,549,175 | $ 7,818,805 |

**TOWN OF PROSPER, TEXAS**
Schedule of Revenues, Expenses and Changes in Fund Net Position
Budget and Actual – Prosper Christmas Fund
For the Year Ended September 30, 2016
*(unaudited)*

| | Prosper Christmas Fund | | | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual Amounts | |
| REVENUES: | | | | |
| Contributions | $ 12,000 | $ 12,000 | $ 13,264 | $ 1,264 |
| Total Revenues | 12,000 | 12,000 | 13,264 | 1,264 |
| EXPENDITURES: | | | | |
| Parks and recreation | 30,000 | 30,000 | 29,667 | 333 |
| Total Expenditures | 30,000 | 30,000 | 29,667 | 333 |
| Excess of revenues over expenditures | (18,000) | (18,000) | (16,403) | 1,597 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | 16,403 | 16,403 |
| Total Other Financing Sources (Uses) | - | - | 16,403 | 16,403 |
| Change in fund balance | (18,000) | (18,000) | - | 18,000 |
| Fund balance - beginning | - | - | - | - |
| Fund balance, ending | $ (18,000) | $ (18,000) | $ - | $ 18,000 |

**TOWN OF PROSPER, TEXAS**
Schedule of Revenues, Expenses and Changes in Fund Net Position
Budget and Actual – Court Technology Fund
For the Year Ended September 30, 2016
*(unaudited)*

| | Court Technology Fund | | | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual Amounts | |
| REVENUES: | | | | |
| Fines, fees, warrants, and seizures | $ 9,000 | $ 9,000 | $ 9,706 | $ 706 |
| Total Revenues | 9,000 | 9,000 | 9,706 | 706 |
| EXPENDITURES: | | | | |
| Court | 18,000 | 18,000 | - | 18,000 |
| Total Expenditures | 18,000 | 18,000 | - | 18,000 |
| Excess of revenues over expenditures | (9,000) | (9,000) | 9,706 | 18,706 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | 34 | 34 |
| Transfers out | - | - | (9,740) | (9,740) |
| Total Other Financing Sources (Uses) | - | - | (9,706) | 34 |
| Change in fund balance | (9,000) | (9,000) | - | 9,000 |
| Fund balance - beginning | - | - | - | - |
| Fund balance, ending | $ (9,000) | $ (9,000) | $ - | $ 9,000 |

**TOWN OF PROSPER, TEXAS**
Schedule of Revenues, Expenses and Changes in Fund Net Position
Budget and Actual – Court Security Fund
For the Year Ended September 30, 2016
*(unaudited)*

| | Court Security Fund | | | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual Amounts | |
| REVENUES: | | | | |
| Fines, fees, warrants, and seizures | $ 7,000 | $ 7,000 | $ 7,279 | $ 279 |
| Total Revenues | 7,000 | 7,000 | 7,279 | 279 |
| EXPENDITURES: | | | | |
| Court | 4,000 | 4,000 | 6,597 | (2,597) |
| Total Expenditures | 4,000 | 4,000 | 6,597 | (2,597) |
| Excess of revenues over expenditures | 3,000 | 3,000 | 682 | (2,318) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | 31,742 | 31,742 |
| Total Other Financing Sources (Uses) | - | - | 31,742 | 31,742 |
| Change in fund balance | 3,000 | 3,000 | 32,424 | 29,424 |
| Fund balance - beginning | - | - | - | - |
| Fund balance, ending | $ 3,000 | $ 3,000 | $ 32,424 | $ 29,424 |

**TOWN OF PROSPER, TEXAS**
Schedule of Revenues, Expenses and Changes in Fund Net Position
Budget and Actual – Parks Dedication Fund
For the Year Ended September 30, 2016
*(unaudited)*

| | Parks Dedication Fund | | | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual Amounts | |
| REVENUES: | | | | |
| Contributions | $ 100,000 | $ 100,000 | $ 677,949 | $ 577,949 |
| Investment income | 4,100 | 4,100 | 6,714 | 2,614 |
| Total Revenues | 104,100 | 104,100 | 684,663 | 580,563 |
| EXPENDITURES: | | | | |
| Capital outlay | 600,000 | 600,000 | 596,788 | 3,212 |
| Total Expenditures | 600,000 | 600,000 | 596,788 | 3,212 |
| Excess of revenues over expenditures | (495,900) | (495,900) | 87,875 | 583,775 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | 1,098,248 | 1,098,248 |
| Total Other Financing Sources (Uses) | - | - | 1,098,248 | 1,098,248 |
| Change in fund balance | (495,900) | (495,900) | 1,186,123 | 1,682,023 |
| Fund balance - beginning | - | - | - | - |
| Fund balance, ending | $ (495,900) | $ (495,900) | $ 1,186,123 | $ 1,682,023 |

**TOWN OF PROSPER, TEXAS**
Schedule of Revenues, Expenses and Changes in Fund Net Position
Budget and Actual – Parks Improvement Fund
For the Year Ended September 30, 2016
*(unaudited)*

| | Parks Improvement Fund | | | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual Amounts | |
| REVENUES: | | | | |
| Contributions | $ 100,000 | $ 100,000 | $ 1,021,167 | $ 921,167 |
| Investment income | 3,200 | 3,200 | 3,833 | 633 |
| Total Revenues | 103,200 | 103,200 | 1,025,000 | 921,800 |
| EXPENDITURES: | | | | |
| Parks and recreation | - | - | 17,051 | (17,051) |
| Capital outlay | 990,000 | 990,000 | 749,380 | 240,620 |
| Total Expenditures | 990,000 | 990,000 | 766,431 | 223,569 |
| Excess of revenues over expenditures | (886,800) | (886,800) | 258,569 | 1,145,369 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | 703,872 | 703,872 |
| Total Other Financing Sources (Uses) | - | - | 703,872 | 703,872 |
| Change in fund balance | (886,800) | (886,800) | 962,441 | 1,849,241 |
| Fund balance - beginning | - | - | - | - |
| Fund balance, ending | $ (886,800) | $ (886,800) | $ 962,441 | $ 1,849,241 |

**TOWN OF PROSPER, TEXAS**
Schedule of Revenues, Expenses and Changes in Fund Net Position
Budget and Actual – Contributions Fund
For the Year Ended September 30, 2016
*(unaudited)*

| | Contributions Fund | | | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual Amounts | |
| REVENUES: | | | | |
| Grants | $ - | $ - | $ 1,800 | $ 1,800 |
| Investment income | 4,100 | 4,100 | 9,506 | 5,406 |
| Fines, fees, warrants and seizures | - | - | 1,128 | 1,128 |
| Contributions | 30,000 | 30,000 | 88,328 | 58,328 |
| Miscellaneous | - | - | 1,769 | 1,769 |
| Total Revenues | 34,100 | 34,100 | 102,531 | 68,431 |
| EXPENDITURES: | | | | |
| Court | - | - | 2,400 | (2,400) |
| Police | 34,000 | 34,000 | 5,009 | 28,991 |
| Fire | - | - | 3,587 | (3,587) |
| Parks and recreation | 14,000 | 14,000 | 817 | 13,183 |
| Total Expenditures | 48,000 | 48,000 | 11,813 | 36,187 |
| Excess of revenues over expenditures | (13,900) | (13,900) | 90,718 | 104,618 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | - | - | 9,740 | 9,740 |
| Transfers out | - | - | (545,074) | (545,074) |
| Total Other Financing Sources (Uses) | - | - | (535,334) | (535,334) |
| Change in fund balance | (13,900) | (13,900) | (444,616) | (430,716) |
| Fund balance, beginning (as previously stated) | 2,421,275 | 2,421,275 | 2,421,275 | - |
| Prior period adjustment | - | - | 111,983 | - |
| Fund balance, beginning (restated) | 2,421,275 | 2,421,275 | 2,533,258 | - |
| Fund balance, ending | $ 2,407,375 | $ 2,407,375 | $ 2,088,642 | $ (318,733) |

**TOWN OF PROSPER, TEXAS**
Schedule of Revenues, Expenses and Changes in Fund Net Position
Budget and Actual – Economic Development Corporation
For the Year Ended September 30, 2016
*(unaudited)*

| | Economic Development Corporation | | | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| | Original Budget | Final Budget | Actual Amounts | |
| REVENUES: | | | | |
| Sales tax | $ 1,100,000 | $ 1,100,000 | $ 1,398,197 | $ 298,197 |
| Investment income | 19,000 | 19,000 | 21,883 | 2,883 |
| Miscellaneous | - | - | 16,250 | 16,250 |
| Total Revenues | 1,119,000 | 1,119,000 | 1,436,330 | 317,330 |
| EXPENDITURES: | | | | |
| Economic development | 1,054,880 | 1,054,880 | 947,894 | 106,986 |
| Total Expenditures | 1,054,880 | 1,054,880 | 947,894 | 106,986 |
| Excess of revenues over expenditures | 64,120 | 64,120 | 488,436 | 424,316 |
| Change in fund balance | 64,120 | 64,120 | 488,436 | 424,316 |
| Fund balance - beginning | 3,060,739 | 3,060,739 | 3,060,739 | - |
| Fund balance, ending | $ 3,124,859 | $ 3,124,859 | $ 3,549,175 | $ 424,316 |

# STATISTICAL SECTION

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**TOWN OF PROSPER, TEXAS**
Statistical Section (Unaudited)
Year Ended September 30, 2016

This section of the Town of Prosper's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

**Contents** **Page**


Financial Trends 64

These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity 72

These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.

Debt Capacity 77

These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information 81

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.

Operating Information 83

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.


Source: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

**TOWN OF PROSPER, TEXAS**
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

| | Fiscal Year | | | |
|---|---|---|---|---|
| | **2007** | **2008** | **2009** | **2010** |
| Governmental activities | | | | |
| Net investment in capital assets | $ 706 | $ 33,422 | $ 33,919 | $ 37,271 |
| Restricted | 8,150 | 9,809 | 8,440 | 5,952 |
| Unrestricted | 1,861 | 4,693 | 3,704 | 8,410 |
| Total governmental activities net position | $ 10,717 | $ 47,924 | $ 46,063 | $ 51,633 |
| Business-type activities | | | | |
| Net investment in capital assets | $ 4,609 | $ 3,321 | $ 6,804 | $ 5,704 |
| Restricted | 39 | 42 | 44 | - |
| Unrestricted | 3,242 | 6,338 | 5,929 | 6,034 |
| Total business-type activities net position | $ 7,890 | $ 9,701 | $ 12,777 | $ 11,738 |
| Primary government | | | | |
| Net investment in capital assets | $ 5,315 | $ 36,743 | $ 40,723 | $ 42,975 |
| Restricted | 8,189 | 9,851 | 8,484 | 5,952 |
| Unrestricted | 5,103 | 11,031 | 9,633 | 14,444 |
| Total primary government net position | $ 18,607 | $ 57,625 | $ 58,840 | $ 63,371 |

*(continued)*

| Fiscal Year | | | | | | |
|---|---|---|---|---|---|---|
| **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| $ 37,366 | $ 41,798 | $ 43,471 | $ 45,398 | $ 50,132 | $ 60,997 |
| 9,359 | 10,849 | 9,882 | 13,459 | 18,551 | 14,307 |
| 6,979 | 8,432 | 10,176 | 10,126 | 11,485 * | 20,640 |
| $ 53,704 | $ 61,079 | $ 63,529 | $ 68,983 | $ 80,168 | $ 95,944 |
| $ 5,615 | $ 6,058 | $ 12,643 | $ 19,708 | 21,119 | 4,772 |
| - | - | - | - | - | - |
| 7,695 | 9,090 | 5,319 | 3,584 | 3,351 | 24,391 |
| $ 13,310 | $ 15,148 | $ 17,962 | $ 23,292 | $ 24,470 | $ 29,163 |
| $ 42,981 | $ 47,856 | $ 56,114 | $ 65,106 | $ 71,251 | $ 65,769 |
| 9,359 | 10,849 | 9,882 | 13,459 | 18,551 | 14,307 |
| 14,674 | 17,522 | 15,495 | 13,710 | 14,836 | 45,031 |
| $ 67,014 | $ 76,227 | $ 81,491 | $ 92,275 | $ 104,638 | $ 125,107 |

**TOWN OF PROSPER, TEXAS**
Change in Net Position
Last Ten Fiscal Years
*(accrual basis of accounting)*
*(amounts expressed in thousands)*
*(unaudited)*

| | Fiscal Year | | | |
|---|---|---|---|---|
| **Expenses** | **2007** | **2008** | **2009** | **2010** |
| Governmental activities: | | | | |
| General government | $ 1,492 | $ 2,063 | $ 2,764 | $ 2,193 |
| Public Safety | 2,089 | 2,485 | 3,329 | 3,869 |
| Transportation | 417 | 1,444 | 1,356 | 1,609 |
| Culture and Recreation | 125 | 130 | 444 | 917 |
| Economic development | - | - | - | - |
| Interest on long-term debt | 516 | 459 | 1,276 | 895 |
| Total governmental activities expenses | 4,639 | 6,581 | 9,169 | 9,483 |
| Business-type activities: | | | | |
| Water, Sewer and sanitation | 3,889 | 4,076 | 4,460 | 5,140 |
| Total business-type activities expenses | 3,889 | 4,076 | 4,460 | 5,140 |
| Total primary government expenses | 8,528 | 10,657 | 13,629 | 14,623 |
| **Program Revenues** | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | 2,363 | 1,440 | 561 | 672 |
| Public Safety | 159 | 162 | 360 | 397 |
| Transportation | 1,047 | 485 | - | - |
| Culture and Recreation | 680 | 418 | - | - |
| Operating grants and contributions | 547 | 452 | 1,397 | 2,224 |
| Capital grants and contributions | | | | |
| Total governmental activities program revenues | 4,796 | 2,957 | 2,318 | 3,293 |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water, sewer and sanitation | 3,444 | 4,507 | 4,720 | 5,393 |
| Capital grants and contributions | | | | |
| Total business-type activities program revenues | 3,444 | 4,507 | 4,720 | 5,393 |
| Total primary government program revenues | 8,240 | 7,464 | 7,038 | 8,686 |
| Net (expense) revenue | | | | |
| Governmental activities | 157 | (3,624) | (6,851) | (6,190) |
| Business-type activities | (445) | 431 | 260 | 253 |
| Total primary government net expense | $ (288) | $ (3,193) | $ (6,591) | $ (5,937) |
| **General Revenues and Other Changes in Net Assets** | | | | |
| Governmental activities: | | | | |
| Taxes | | | | |
| Property taxes | 3,015 | 4,429 | 5,296 | 5,505 |
| Sales taxes | 1,208 | 1,288 | 1,077 | 1,309 |
| Franchise taxes | 304 | 341 | 428 | 399 |
| Impact fees and escrow fees | - | 1,828 | 367 | 2,688 |
| Investment income | 1,107 | 596 | 456 | 338 |
| Miscellaneous | 79 | 114 | 74 | 116 |
| Transfers | (1,553) | (1,237) | (2,708) | 15 |
| Total governmental activities | 4,160 | 7,359 | 4,990 | 10,370 |
| Business-type activities: | | | | |
| Investment income | 132 | 109 | 65 | 74 |
| Miscellaneous income | 33 | 33 | 43 | 39 |
| Transfers | 1,553 | 1,237 | 2,708 | (15) |
| Total business-type activities | 1,718 | 1,379 | 2,816 | 98 |
| Total primary government | 5,878 | 8,738 | 7,806 | 10,468 |
| **Change in Net Position** | | | | |
| Governmental activities | 4,317 | 3,735 | (1,861) | 4,180 |
| Business-type activities | 1,273 | 1,810 | 3,076 | 351 |
| Total primary government | 5,590 | $ 5,545 | $ 1,215 | $ 4,531 |

Source: Town financial statements

*(continued)*

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| $ 3,075 | $ 2,785 | $ 2,890 | $ 3,698 | $ 4,922 | $ 4,884 |
| 4,108 | 4,341 | 5,052 | 5,610 | 6,129 | 7,027 |
| 2,370 | 1,616 | 1,825 | 2,667 | 3,495 | 6,701 |
| 728 | 1,546 | 1,886 | 2,462 | 2,747 | 2,973 |
| - | - | - | - | - | 921 |
| 1,139 | 1,108 | 1,318 | 1,119 | 1,469 | 1,571 |
| 11,420 | 11,396 | 12,971 | 15,556 | 18,764 | 24,078 |
| 5,332 | 5,476 | 6,293 | 7,464 | 9,282 | 10,522 |
| 5,332 | 5,476 | 6,293 | 7,464 | 9,282 | 10,522 |
| 16,752 | 16,872 | 19,264 | 23,020 | 28,046 | 34,600 |
| 826 | 1,992 | 2,210 | 2,588 | 3,428 | 7,819 |
| 400 | 312 | 352 | 585 | 628 | 796 |
| - | - | - | - | - | - |
| - | - | 2 | 4 | 42 | 98 |
| 350 | 266 | 93 | 113 | 101 | 127 |
| 2,908.00 | 5,356 | 5,716 | 5,277 | 7,907 | 12,080 |
| 4,484 | 7,926 | 8,373 | 8,567 | 12,106 | 20,920 |
| 7,238 | 8,021 | 9,099 | 9,080 | 10,918 | 13,495 |
| | | | 3,897 | - | - |
| 7,238 | 8,021 | 9,099 | 12,977 | 10,918 | 13,495 |
| 11,722 | 15,947 | 17,472 | 21,544 | 23,024 | 34,415 |
| (6,936) | (3,470) | (4,598) | (6,989) | (6,658) | (3,158) |
| 1,906 | 2,545 | 2,806 | 5,513 | 1,635 | 2,973 |
| $ (5,030) | $ (925) | $ (1,792) | $ (1,476) | $ (5,022) | $ (185) |
| 5,986 | 6,392 | 7,314 | 8,410 | 9,967 | 12,880 |
| 1,321 | 1,942 | 2,478 | 2,807 | 4,355 | 5,609 |
| 425 | 505 | 520 | 596 | 737 | 737 |
| 53 | 628 | - | - | - | - |
| 155 | 162 | 167 | 115 | 160 | 277 |
| 530 | 864 | 582 | 151 | 501 | 281 |
| 434 | 352 | (73) | 364 | 521 | (1,751) |
| 8,904 | 10,845 | 10,988 | 12,443 | 16,241 | 18,034 |
| 53 | 96 | 175 | 105 | 80 | 76 |
| 47 | 60 | 91 | 76 | 114 | 117 |
| (434) | (352) | 73 | (364) | (521) | 1,751 |
| (334) | (196) | 339 | (183) | (327) | 1,944 |
| 8,570 | 10,649 | 11,327 | 12,260 | 15,914 | 19,977 |
| 1,968 | 7,375 | 6,389 | 5,454 | 9,583 | 14,876 |
| 1,572 | 2,349 | 3,145 | 5,330 | 1,308 | 4,916 |
| 3,540 | $ 9,724 | $ 9,534 | $ 10,784 | $ 10,891 | $ 19,792 |

**TOWN OF PROSPER, TEXAS**
Fund Balances of Governmental Funds
Last Ten Fiscal Years
*(modified accrual basis of accounting)*
*(amounts expressed in thousands)*
*(unaudited)*

| | Fiscal Year | | | |
|---|---|---|---|---|
| | **2007** | **2008** | **2009** | **2010** |
| **General Fund** | | | | |
| Reserved | $ 59 | $ 18 | $ - | $ 3 |
| Unreserved | 3,034 | 3,989 | 4,398 | 4,968 |
| Nonspendable | - | - | - | - |
| Committed | - | - | - | - |
| Unassigned | - | - | - | - |
| Total general fund | $ 3,093 | $ 4,007 | $ 4,398 | $ 4,971 |
| **All other governmental funds** | | | | |
| Reserved | $ 581 | $ 622 | $ 2,557 | $ 577 |
| Unreserved, reported in: | | | | |
| Capital Project funds | 3,160 | 2,233 | 16,920 | 5,337 |
| Impact Fee Funds | 4,290 | 6,936 | 5,883 | 6,239 |
| Special revenue funds | | | | 3,968 |
| Nonspendable | - | - | - | - |
| Restricted | | | | |
| Debt Service | - | - | - | - |
| Capital Projects | - | - | - | - |
| Courts | - | - | - | - |
| Assigned | - | - | - | - |
| Total all other governmental funds | $ 8,031 | $ 9,791 | $ 25,360 | $ 16,121 |

Source: Balance Sheets-Governmental Funds in Town CAFRs.

*(continued)*

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| $ 1 | $ - | $ - | $ - | $ - | $ - |
| 5,568 | - | - | - | - | - |
| - | 9 | 27 | 6 | 2 | 3 |
| - | 1,715 | 1,855 | 2,152 | 2,588 | 2,966 |
| - | 5,356 | 5,194 | 5,430 | 4,977 | 7,059 |
| $ 5,569 | $ 7,080 | $ 7,076 | $ 7,588 | $ 7,567 | $ 10,028 |
| $ 737 | $ - | $ - | $ - | $ - | $ - |
| 5,348 | - | - | - | - | - |
| 6,895 | - | - | - | - | - |
| 3,276 | - | - | - | - | - |
| - | 5 | - | - | - | - |
| - | 890 | 1,187 | 1,159 | 1,470 | 1,842 |
| - | 16,838 | 17,799 | 17,699 | 27,414 | 31,040 |
| - | - | - | - | - | 32 |
| - | 1,172 | 1,477 | 2,371 | 2,297 | 7,786 |
| $ 16,256 | $ 18,905 | $ 20,463 | $ 21,229 | $ 31,181 | $ 40,700 |

**TOWN OF PROSPER, TEXAS**
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(*modified accrual basis of accounting*)
(*amounts expressed in thousands*)
*(unaudited)*

| | Fiscal Year | | | |
|---|---|---|---|---|
| | **2007** | **2008** | **2009** | **2010** |
| **Revenues** | | | | |
| Taxes | $ 4,500 | $ 6,034 | $ 6,738 | $ 7,264 |
| Licenses and permits | 3,964 | 3,925 | 550 | 672 |
| Intergovernmental | 500 | 452 | 584 | 1,109 |
| Charges for services | 156 | 161 | 976 | 2,858 |
| Impact fees | - | - | - | - |
| Fines and forfeitures | 131 | 247 | 239 | 227 |
| Investment Earnings | 1,107 | 596 | 456 | 339 |
| Contributions | 45 | 50 | 59 | 45 |
| Miscellaneous | 79 | 64 | 74 | 116 |
| Grants | - | - | 278 | 1,070 |
| Total Revenues | 10,482 | 11,529 | 9,954 | 13,700 |
| **Expenditures** | | | | |
| General government | 1,466 | 2,003 | 2,225 | 2,173 |
| Public safety | 1,871 | 2,194 | 3,007 | 3,648 |
| Transportation | 177 | 352 | 257 | 503 |
| Culture and recreation | 92 | 97 | 379 | 814 |
| Economic development | - | - | - | - |
| Capital outlay | 8,338 | 2,108 | 2,943 | 13,174 |
| Debt service | | | | |
| Principal | 386 | 399 | 484 | 527 |
| Interest | 493 | 481 | 893 | 1,600 |
| Other charges | - | - | - | - |
| Total Expenditures | 12,823 | 7,634 | 10,188 | 22,439 |
| Excess of revenues over (under) expenditures | (2,341) | 3,895 | (234) | (8,739) |
| **Other financing sources (uses)** | | | | |
| Transfer in | - | - | 232 | 2,460 |
| Transfer out | (1,553) | (1,237) | (2,940) | (2,445) |
| Proceeds from insurance | - | - | - | - |
| Issuance of debt | - | - | 13,900 | - |
| Issuance of refunding debt | - | - | - | - |
| Premium (discount) on debt issuance | - | - | - | - |
| Payments to Bond Escrow Agent | - | - | - | - |
| Capital Leases | 48 | 14 | 41 | 58 |
| Net other financing sources (uses) | (1,505) | (1,223) | 11,233 | 73 |
| Net change in fund balances | $ (3,846) | $ 2,672 | $ 10,999 | $ (8,666) |
| Debt service as a percentage of noncapital expenditures | 19.6% | 15.9% | 19.0% | 23.0% |

Source: Statement of Revenues, Expenditures, and Changes in Fund Balance for Governmental Funds

*(continued)*

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| $ 7,758 | $ 8,850 | $ 10,220 | $ 11,834 | 15,076 | 18,545 |
| 670 | 1,571 | 1,752 | 2,102 | 2,645 | 3,116 |
| 1,109 | 2,863 | 1,730 | - | - | - |
| 1,809 | 2,861 | 3,066 | 4,353 | 6,855 | 3,997 |
| - | - | - | - | - | 9,612 |
| 393 | 541 | 647 | 809 | 1,194 | 1,530 |
| 154 | 160 | 166 | 114 | 160 | 276 |
| 272 | 348 | 1,129 | 1,216 | 1,358 | 2,539 |
| 115 | 286 | 570 | 151 | 481 | 281 |
| 285 | 198 | 49 | 28 | 29 | 56 |
| 12,565 | 17,678 | 19,329 | 20,607 | 27,798 | 39,953 |
| | | | | | |
| 2,750 | 2,798 | 2,846 | 3,685 | 5,295 | 5,024 |
| 3,879 | 4,144 | 4,652 | 5,137 | 5,722 | 6,693 |
| 1,269 | 511 | 523 | 912 | 1,424 | 4,447 |
| 653 | 899 | 1,167 | 1,688 | 1,931 | 2,159 |
| - | - | - | - | - | 948 |
| 4,112 | 7,660 | 9,773 | 5,719 | 10,104 | 21,565 |
| | | | | | |
| 936 | 1,318 | 1,396 | 1,638 | 1,623 | 1,860 |
| 1,101 | 1,079 | 1,153 | 1,163 | 1,227 | 1,527 |
| 59 | 81 | 158 | 10 | 336 | 153 |
| 14,759 | 18,490 | 21,668 | 19,952 | 27,662 | 44,375 |
| (2,194) | (812) | (2,339) | 655 | 135 | (4,422) |
| | | | | | |
| 1,066 | 3,509 | 6,057 | 1,571 | 4,104 | 11,704 |
| (667) | (3,177) | (6,150) | (2,009) | (4,154) | (13,457) |
| 426 | 750 | 12 | - | - | - |
| 2,045 | 4,712 | 7,710 | 3,340 | 20,919 | 7,160 |
| - | - | - | - | - | 6,280 |
| 11 | 242 | 169 | 312 | 2,397 | 1,322 |
| - | (1,064) | (3,899) | (2,592) | (10,482) | (2,988) |
| - | - | - | - | - | - |
| 2,881 | 4,972 | 3,899 | 622 | 12,783 | 10,021 |
| $ 687 | $ 4,160 | $ 1,560 | $ 1,277 | $ 12,918 | $ 5,599 |
| | | | | | |
| 19.1% | 22.1% | 21.4% | 19.7% | 16.2% | 14.8% |

**TOWN OF PROSPER, TEXAS**
General Governmental Tax Revenue By Source
Last Ten Fiscal Years
(*modified accrual basis of accounting*)
(*amounts expressed in thousands*)
*(unaudited)*

| Fiscal Year | Property Tax | Sales Tax | Franchise Tax | Total |
|---|---|---|---|---|
| 2007 | $ 3,015 | $ 1,208 | $ 304 | $ 4,527 |
| 2008 | 4,429 | 1,288 | 341 | 6,058 |
| 2009 | 5,296 | 1,077 | 428 | 6,801 |
| 2010 | 5,505 | 1,309 | 399 | 7,212 |
| 2011 | 5,986 | 1,321 | 425 | 7,757 |
| 2012 | 6,392 | 1,942 | 505 | 8,850 |
| 2013 | 7,314 | 2,478 | 520 | 10,221 |
| 2014 | 8,410 | 2,807 | 596 | 11,834 |
| 2015 | 9,967 | 4,355 | 737 | 15,059 |
| 2016 | 12,880 | 5,609 | 737 | 19,226 |

Source: Town CAFRs and detailed financial records

**TOWN OF PROSPER, TEXAS**

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

(*amounts expressed in thousands*)

*(unaudited)*

| Fiscal Year Ended | Total Estimated Market Value as Assessed | Estimated Market Value Real Property | Estimated Market Value Personal Property | Less: Tax Exempt Real Property | Total Taxable[1] Assessed Value | Total Direct Tax Rate | Taxable Assesed Value as a % of Estimated Market Value |
|---|---|---|---|---|---|---|---|
| 2007 | $ 922,056 | $ 895,671 | $ 26,385 | $ 353,017 | $ 569,039 | 0.52000 | 61.71% |
| 2008 | 1,280,490 | 1,249,228 | 31,262 | 461,769 | 818,721 | 0.52000 | 63.94% |
| 2009 | 1,502,656 | 1,470,009 | 32,647 | 507,992 | 994,664 | 0.52000 | 66.19% |
| 2010 | 1,549,887 | 1,516,169 | 33,718 | 503,338 | 1,046,549 | 0.52000 | 67.52% |
| 2011 | 1,651,676 | 1,618,179 | 33,497 | 504,888 | 1,146,788 | 0.52000 | 69.43% |
| 2012 | 1,753,522 | 1,719,190 | 34,332 | 522,150 | 1,231,372 | 0.52000 | 70.22% |
| 2013 | 1,905,100 | 1,865,370 | 39,730 | 557,691 | 1,347,409 | 0.52000 | 70.73% |
| 2014 | 2,161,596 | 2,118,602 | 42,994 | 604,133 | 1,557,463 | 0.52000 | 72.05% |
| 2015 | 2,571,540 | 2,515,525 | 56,015 | 686,635 | 1,884,905 | 0.52000 | 73.30% |
| 2016 | 3,306,744 | 3,242,618 | 64,126 | 994,179 | 2,312,565 | 0.52000 | 69.93% |

Source: Collin and Denton County Appraisal District Certified Totals and Collin County Tax Assessor-Collector Tax Rolls.

[1]Taxable Assessed Values are net of local option over-65 exemptions, state mandated agricultural exemptions, and disabled veterans' exemptions. This amount may include senior tax freeze ceiling amounts.

**TOWN OF PROSPER, TEXAS**
Property Tax Rates
Direct and Overlapping Governments
(*per $100 of assessed value*)
Last Ten Fiscal Years
*(unaudited)*

| | Town of Prosper Tax Rate [1] | | | Overlapping Tax Rates [2] | | | | Total Direct & Overlapping Rates | Total Direct & Overlapping Rates |
|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year | General Government | Debt Service | Total | Prosper ISD | Collin County | Collin College | Denton County | Collin County | Denton County |
| 2004 | 0.244698 | 0.115302 | **0.360000** | 1.760960 | 0.250000 | 0.091946 | 0.248970 | **2.462906** | **2.369930** |
| 2005 | 0.218440 | 0.105660 | **0.324100** | 1.819900 | 0.250000 | 0.091932 | 0.247170 | **2.485932** | **2.391170** |
| 2007 | 0.184549 | 0.314268 | **0.498817** | 1.800000 | 0.245000 | 0.087683 | 0.246480 | **2.631500** | **2.545297** |
| 2008 | 0.275075 | 0.244925 | **0.520000** | 1.670000 | 0.245000 | 0.086984 | 0.235890 | **2.521984** | **2.425890** |
| 2009 | 0.305011 | 0.214989 | **0.520000** | 1.670000 | 0.242500 | 0.086493 | 0.235770 | **2.518993** | **2.425770** |
| 2010 | 0.314084 | 0.205916 | **0.520000** | 1.640000 | 0.242500 | 0.086300 | 0.249800 | **2.488800** | **2.409800** |
| 2011 | 0.334742 | 0.185258 | **0.520000** | 1.630000 | 0.240000 | 0.086300 | 0.273900 | **2.476300** | **2.423900** |
| 2012 | 0.316937 | 0.203063 | **0.520000** | 1.670000 | 0.240000 | 0.086300 | 0.277357 | **2.516300** | **2.467357** |
| 2013 | 0.316914 | 0.203086 | **0.520000** | 1.670000 | 0.240000 | 0.086299 | 0.282867 | **2.516299** | **2.472867** |
| 2014 | 0.326191 | 0.193809 | **0.520000** | 1.670000 | 0.237500 | 0.083643 | 0.284914 | **2.511143** | **2.474914** |
| 2015 | 0.356301 | 0.163699 | **0.520000** | 1.670000 | 0.235000 | 0.081960 | 0.262000 | **2.506960** | **2.452000** |
| 2016 | 0.361074 | 0.158926 | **0.520000** | 1.670000 | 0.225000 | 0.081960 | 0.248409 | **2.496960** | **2.438409** |

Source: Collin County and Denton County Appraisal Districts

[1] Tax rate is per $100 of taxable assessed value.

[2] Overlapping rates are those of local and county governments that apply to property owners within the Town of Prosper.

**TOWN OF PROSPER, TEXAS**
Property Tax Levies and Collections
Last Ten Fiscal Years
*(unaudited)*

| Fiscal Year Ended | Total Tax Levy for Fiscal Year[1] | Collections within the Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|---|---|---|---|---|---|---|
| | | Amount | Percentage of Levy | | Amount | Percentage of Levy[1] |
| 2007 | $ 2,920,145 | $ 2,871,131 | 98.32% | $ 49,014 | $ 2,920,145 | 100.0% |
| 2008 | 4,345,264 | 4,279,374 | 98.48% | 78,851 | 4,358,225 | 100.3% |
| 2009 | 5,218,951 | 5,149,015 | 98.66% | 94,023 | 5,243,038 | 100.5% |
| 2010 | 5,404,368 | 5,338,109 | 98.77% | 92,161 | 5,430,270 | 100.5% |
| 2011 | 5,932,358 | 5,898,857 | 99.44% | 59,587 | 5,958,444 | 100.4% |
| 2012 | 6,380,037 | 6,323,502 | 99.11% | 85,658 | 6,409,160 | 100.5% |
| 2013 | 7,036,147 | 6,982,787 | 99.24% | 64,149 | 7,046,936 | 100.2% |
| 2014 | 7,938,561 | 8,174,411 | 102.97% | | 8,174,411 | 103.0% |
| 2015 | 9,598,697 | 9,707,326 | 101.13% | | 9,707,326 | 101.1% |
| 2016 | 11,594,883 | 11,922,739 | 102.83% | | 11,922,739 | 102.8% |

Note: Taxes stated are for General Fund and Debt Service Funds.

[1]Tax Levy is the original levy as of certification date, and does not include adjustments. The percentage of levy collected may be greater than 100% as payments that relate to levy adjustments are collected.

**TOWN OF PROSPER, TEXAS**
Principal Property Taxpayers
Fiscal Year End 2016 and 2007
*(unaudited)*

| | 2016 | | | 2007 | | |
|---|---|---|---|---|---|---|
| **Taxpayer** | **Taxable Assessed Value** | **Rank** | **Percentage of Total Taxable Assessed Value** | **Taxable Assessed Value** | **Rank** | **Percentage of Total Taxable Assessed Value** |
| Orion Prosper Lakes | $ 31,920,418 | 1 | 1.38% | | | |
| 380 & 289, LP | 21,953,602 | 2 | 0.95% | | | |
| Orion Prosper, LLC | 21,267,400 | 3 | 0.92% | | | |
| D R Horton - Texas, Ltd | 15,879,100 | 4 | 0.69% | | | |
| Blue Star Allen Land, LP | 14,796,157 | 5 | 0.64% | | | |
| Meritage Homes of Texas, LLC | 14,345,210 | 6 | 0.62% | | | |
| Rosebriar Prosper Plaza, LP | 11,708,082 | 7 | 0.51% | | | |
| Kroger Texas, LP | 10,460,428 | 8 | 0.45% | | | |
| Wal-Mart Real Estate Business Tru | 9,859,545 | 9 | 0.43% | | | |
| Preston Development, Ltd | 9,798,215 | 10 | 0.42% | | | |
| Prosper Land Company, Ltd | | | | 18,967,797 | 1 | 3.33% |
| Sanders Deion Luwynn | | | | 8,403,880 | 2 | 1.48% |
| PDC 380 Prosper, Ltd | | | | 8,119,155 | 3 | 1.43% |
| Jobe Properties, Ltd | | | | 5,817,433 | 4 | 1.02% |
| 380 Partners, Ltd | | | | 5,380,000 | 5 | 0.95% |
| Bon Terre-B, Ltd | | | | 5,065,708 | 6 | 0.89% |
| Hope Lumber & Supply Co | | | | 4,497,821 | 7 | 0.79% |
| Saddle Creek Investments, Ltd | | | | 4,383,186 | 8 | 0.77% |
| Murchison Properties, Inc | | | | 4,041,722 | 9 | 0.71% |
| Sterling Projects, Inc | | | | 3,811,750 | 10 | 0.67% |
| Totals | $ 161,988,157 | | 7.01% | $ 68,488,452 | | 12.04% |

Source: Collin and Denton County Appraisal Districts

**TOWN OF PROSPER, TEXAS**
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(*amounts expressed in thousands, except per capita amount*)
*(unaudited)*

| | Governmental Activities | | | | Business Type Activities | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year | General Obligation Bonds | Certificates of Obligation | Tax Notes | Capital Leases | General Obligation Bonds | Certificates of Obligation | Total Primary Government | Percentage of Personal Income[1] | Per Capita[1] |
| 2007 | $ - | $ 10,993 | $ 71 | $ 30 | $ 14,272 | $ - | $ 25,366 | 72.3% | $ 4,193 |
| 2008 | - | 10,682 | - | 31 | 13,813 | - | 24,526 | 65.0% | 3,862 |
| 2009 | - | 24,136 | - | 34 | 13,194 | - | 37,364 | 102.9% | 5,263 |
| 2010 | - | 22,259 | - | 51 | 13,915 | - | 36,225 | 92.6% | 3,844 |
| 2011 | - | 21,355 | 2,045 | 21 | 13,179 | - | 36,600 | 86.0% | 3,280 |
| 2012 | 4,552 | 19,655 | 1,765 | - | 18,798 | - | 44,770 | 95.6% | 3,673 |
| 2013 | 8,216 | 18,909 | 1,425 | - | 23,249 | - | 51,799 | 109.1% | 3,871 |
| 2014 | 11,255 | 15,594 | 1,080 | - | 35,133 | - | 63,062 | 120.4% | 4,208 |
| 2015 | 25,924 | 13,257 | 725 | - | 33,634 | - | 73,541 | 135.1% | 4,605 |
| 2016 | 29,095 | 16,384 | 365 | - | 8,145 | 22,966 | 76,955 | N/A | 4,326 |

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

[1] See the Schedule of Demographic and Economic Statistics for personal income and population data.

N/A: Data not available at the time of this publication

**TOWN OF PROSPER, TEXAS**
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(*amounts expressed in thousands, except per capita amount*)
*(unaudited)*

| Fiscal Year | General Obligation Bonds | Certificates of Obligation | Less: Amounts Available in Debt Service Funds | Total | Percentage of Actual Taxable Value of Property[1] | Per Capita[2] |
|---|---|---|---|---|---|---|
| 2007 | | $ 10,993 | $ 581 | $ 10,412 | 1.83% | $ 1,721 |
| 2008 | | 10,682 | 622 | 10,060 | 1.23% | 1,584 |
| 2009 | | 24,136 | 828 | 23,308 | 2.34% | 3,283 |
| 2010 | | 22,259 | 614 | 21,645 | 2.07% | 2,297 |
| 2011 | | 21,355 | 737 | 20,618 | 1.80% | 1,847 |
| 2012 | 4,552 | 19,655 | 890 | 23,317 | 1.89% | 1,913 |
| 2013 | 8,216 | 18,909 | 1,187 | 25,938 | 1.93% | 1,939 |
| 2014 | 11,255 | 15,594 | 1,159 | 25,690 | 1.65% | 1,714 |
| 2015 | 25,924 | 13,257 | 1,470 | 37,711 | 2.00% | 2,361 |
| 2016 | 29,095 | 16,384 | 1,842 | 43,637 | 1.89% | 2,453 |

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

[1] See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.
[2] Population data can be found in the Schedule of Demographic and Economic Statistics

**TOWN OF PROSPER, TEXAS**
Direct and Overlapping Governmental Activities Debt
As of September 30, 2016
*(unaudited)*

| Governmental Unit | Debt Outstanding | Estimated Percentage Applicable[1] | Estimated Share of Overlapping Debt |
|---|---|---|---|
| Debt repaid with property taxes: | | | |
| Prosper Independent School District | 336,760,691 | 68.66% | $ 231,219,890 |
| Collin County | 402,795,000 | 2.11% | 8,498,975 |
| Collin College | 22,040,248 | 2.11% | 465,049 |
| Denton County | 608,965,000 | 0.23% | 1,400,620 |
| Subtotal - overlapping debt | 1,370,560,939 | | 241,584,534 |
| Town of Prosper direct debt | $ 76,955,000 | 100% | 76,955,000 |
| Total direct and overlapping debt | | | $ 318,539,534 |

Source: Entity adopted budget. Actual amounts of overlapping debt vary based on entity payment schedules and any new issuances.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Prosper. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

[1]The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the Town's taxable assessed value that is within the Town's boundaries and dividing it by the Town's total taxable assessed value.

**TOWN OF PROSPER, TEXAS**
Tax Rate Information
Last Ten Fiscal Years
(*rates rounded to 4 places*)
*(unaudited)*

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| Tax Rate Limit | $ 1.50 | $ 1.50 | $ 2.50 | $ 2.50 | $ 2.50 | $ 2.50 | $ 2.50 | $ 2.50 | $ 2.50 | $ 2.50 |
| Total Tax Rate | 0.5200 | 0.5200 | 0.5200 | 0.5200 | 0.5200 | 0.5200 | 0.5200 | 0.5200 | 0.5200 | 0.5200 |
| Available Tax Rate | $ 0.9800 | $ 0.9800 | $ 1.9800 | $ 1.9800 | $ 1.9800 | $ 1.9800 | $ 1.9800 | $ 1.9800 | $ 1.9800 | $ 1.9800 |

Note:
For FY 2005 - FY 2007, under Article XI, Section 4 of the Texas Constitution, the maximum tax rate under general law charter is $1.50 per $100 assessed valuation.

For FY 2008- Present, under Article XI, Section 5 of the Texas Constitution, the maximum tax rate under a home rule charter is $2.50 per $100 assessed valuation.

**TOWN OF PROSPER, TEXAS**
Demographic and Economic Statistics
Last Ten Fiscal Years
*(unaudited)*

| Fiscal Year | Population[1] | Personal Income[2] (expressed in thousands) | Per Capita Personal Income[2] | School Enrollment[3] | Unemployment Rate[4] |
|---|---|---|---|---|---|
| 2006 | 5,250 | $ 32,127 | $ 45,917 | 1,825 | 4.2% |
| 2007 | 6,050 | 35,099 | 47,885 | 2,100 | 3.9% |
| 2008 | 6,350 | 37,747 | 49,443 | 2,800 | 4.8% |
| 2009 | 7,100 | 36,323 | 45,884 | 3,220 | 7.6% |
| 2010 | 9,423 | 39,133 | 49,629 | 3,575 | 7.1% |
| 2011 | 11,160 | 42,579 | 52,445 | 3,627 | 7.1% |
| 2012 | 12,190 | 46,837 | 54,866 | 4,921 | 5.7% |
| 2013 | 13,380 | 47,458 | 55,520 | 5,632 | 5.1% |
| 2014 | 14,986 | 52,359 | 59,146 | 6,448 | 4.6% |
| 2015 | 15,970 | 54,420 | 59,532 | 7,064 | 4.4% |
| 2016 | 17,790 | N/A | N/A | 8,254 | 3.4% |

[1]Population data estimates from the North Central Texas Council of Governments and Town of Prosper

[2]Personal income and per capita personal income data not available specific to Prosper. Per capita personal income was computed using Census Bureau midyear population estimates for Collin County. Estimates reflect county population estimates available as of March 2016.

[3]Enrollment data comes from Prosper ISD

[4]December 2016 unemployment rate for Collin County from the Texas Workforce Commission Unemployment Rates for Texas Counties data.

N/A: Data not available at the time of this publication

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**TOWN OF PROSPER, TEXAS**
Principal Employers
Fiscal Years 2016 and 2010
*(unaudited)*

| | 2016 | | |
|---|---|---|---|
| **Employer** | **Employees** | **Rank** | **Percentage of Total Town Employment** |
| Prosper ISD | 975 | 1 | 54.78% |
| Kroger | 230 | 2 | 12.92% |
| Town of Prosper | 164 | 3 | 9.21% |
| Gentle Creek | 65 | 4 | 3.65% |
| Crossland Construction | 50 | 5 | 2.81% |
| Precision Landscape | 45 | 6 | 2.53% |
| Dairy Manufacturers, Inc. | 44 | 7 | 2.47% |
| Builders FirstSource | 32 | 8 | 1.80% |
| Lattimore Materials | 21 | 9 | 1.18% |
| Mahard Egg Farm | 20 | 10 | 1.12% |
| **Total** | **1,646** | | **92.47%** |

| | 2010[1] | | |
|---|---|---|---|
| **Employer** | **Employees** | **Rank** | **Percentage of Total Town Employment** |
| Prosper ISD | 502 | 1 | 59.20% |
| Town of Prosper | 72 | 2 | 8.49% |
| Cornerstone Automation Systems | 64 | 3 | 7.55% |
| Gentle Creek | 50 | 4 | 5.90% |
| Prosper Bank | 35 | 5 | 4.13% |
| ProBuild | 30 | 6 | 3.54% |
| Lattimore Materials | 30 | 6 | 3.54% |
| Mahard Egg Farm | 30 | 6 | 3.54% |
| CVS | 20 | 9 | 2.36% |
| Southern Star | 15 | 10 | 1.77% |
| **Total** | **848** | | **100.00%** |

Source: Prosper EDC, updated February 2016

[1]Data not available for 2007, oldest data available is for 2010.

**TOWN OF PROSPER, TEXAS**
Operating Indicators by Function/Program
Last Ten Fiscal Years
(*dollar amounts below expressed in thousands*)
*(unaudited)*

| | Fiscal Year | | | |
|---|---|---|---|---|
| Function/Program | **2007** | **2008** | **2009** | **2010** |
| General Government | | | | |
| Building Inspection Permits | | | | |
| Commercial Construction | | | | |
| Number of Units | 14 | 23 | 14 | 8 |
| Total dollar value of permits issued | $ 14,410 | $ 6,195 | $ 4,721 | $ 3,150 |
| Average Value | $ 1,029 | $ 269 | $ 337 | $ 394 |
| Residential Construction | | | | |
| Number of Units | 338 | 227 | 204 | 299 |
| Total dollar value of permits issued | $ 109,141 | $ 99,110 | $ 62,870 | $ 79,232 |
| Average Value | $ 323 | $ 437 | $ 308 | $ 265 |
| Public Safety | | | | |
| Police | | | | |
| Physical Arrests | 64 | 90 | 88 | 121 |
| Traffic Collisions | 99 | 72 | 92 | 69 |
| Fire | | | | |
| Total Incidents/Calls for Service | 576 | 646 | 747 | 776 |
| Fire | 34 | 56 | 45 | 42 |
| Overpressure/Explosion | 1 | 1 | | |
| Rescue & EMS | 292 | 334 | 379 | 399 |
| Hazardous Condition | 53 | 38 | 36 | 30 |
| Service Call | 91 | 104 | 116 | 147 |
| Good Intent Call | 55 | 59 | 80 | 61 |
| False Alarm & False Call | 45 | 52 | 87 | 95 |
| Severe Weather & Natural Disaster | 2 | 2 | 3 | 2 |
| Special Incident | 3 | - | 1 | - |
| Fire Marshal | | | | |
| Fire Inspections | N/A | N/A | 94 | 112 |
| Fire Safety Programs | N/A | N/A | 37 | 42 |
| Municipal Court | | | | |
| Number of cases filed | 1,059 | 1,123 | 1,762 | 1,743 |
| Number of cases closed | 979 | 1,707 | 1,592 | 1,504 |
| Public Works | | | | |
| Water & Sewer | | | | |
| Water Customers | 2,380 | 2,664 | 2,883 | 3,080 |
| Wastewater Customers | 1,842 | 2,007 | 2,137 | 2,333 |

Source: Town of Prosper Department Staff
N/A: Data not available at the time of this publication.

*(continued)*

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| 13 | 21 | 21 | 29 | 45 | 74 |
| $ 14,341 | $ 28,385 | $ 4,219 | $ 19,172 | $ 50,625 | $ 122,799 |
| $ 1,103 | $ 1,352 | $ 201 | $ 661 | $ 1,125 | $ 1,659 |
| 347 | 445 | 483 | 474 | 708 | 648 |
| $ 100,084 | $ 172,757 | $ 195,257 | $ 209,949 | $ 313,681 | $ 316,039 |
| $ 288 | $ 388 | $ 404 | $ 443 | $ 443 | $ 488 |
| 103 | 108 | 99 | 115 | 128 | 163 |
| 148 | 263 | 289 | 279 | 429 | 234 |
| 1,046 | 1,122 | 1,063 | 1,100 | 1,245 | 1,437 |
| 63 | 67 | 45 | 64 | 30 | 62 |
| 1 | 11 | 6 | 5 | | 9 |
| 441 | 585 | 597 | 588 | 583 | 753 |
| 38 | 34 | 20 | 29 | 37 | 57 |
| 234 | 193 | 196 | 212 | 136 | 273 |
| 85 | 100 | 94 | 101 | 328 | 135 |
| 107 | 132 | 96 | 95 | 131 | 134 |
| 64 | - | 3 | 6 | - | 14 |
| 13 | - | 6 | - | - | - |
| 659 | 402 | 278 | 283 | 156 | 966 |
| 20 | 23 | 14 | 18 | 24 | 12 |
| 2,050 | 2,025 | 1,645 | 2,118 | 2,439 | 3,147 |
| 1,833 | 1,688 | 1,872 | 2,954 | 3,605 | 3,534 |
| 3,431 | 3,853 | 4,418 | 4,943 | 5,539 | 6,671 |
| 2,672 | 3,084 | 3,568 | 4,055 | 4,627 | 5,757 |

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**TOWN OF PROSPER, TEXAS**

Full-time Equivalent Town Government Employees by Function

Last Ten Fiscal Years

*(unaudited)*

| | Fiscal Years | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2007** | **2008** | **2009** | **2010** | **2011** | **2012** | **2013** | **2014** | **2015** | **2016** |
| **GENERAL FUND** | | | | | | | | | | |
| Administration | 5 | 5 | 5 | 5.5 | 5.5 | 6.5 | 8.5 | 9.0 | 9.5 | 12 |
| Code Compliance | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Court | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1.5 | 2.0 | 2.5 |
| Dispatch | | | 1 | 6 | 7 | 7 | 7 | 7.5 | 7.5 | 9 |
| Engineering | 1 | 1 | 1 | 1 | 1 | 1 | 3 | 3 | 5 | 6 |
| Fire | 8.5 | 12.5 | 18.5 | 18.5 | 18.5 | 20 | 20 | 20 | 32 | 33 |
| Fire Marshal | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Inspections | 6 | 7 | 7 | 7 | 7 | 7 | 8 | 9 | 13 | 13 |
| Library | 1 | 1 | 1 | 1 | 1 | 1 | 1.5 | 2 | 3.5 | 2.5 |
| Parks | 1 | 2 | 2 | 4 | 6 | 10 | 12 | 15 | 16 | 18 |
| Planning | 1 | 2 | 3 | 3 | 2 | 2 | 3 | 3 | 4 | 4 |
| Police | 9 | 8 | 11 | 10 | 11 | 12 | 15 | 15 | 20 | 22 |
| Streets | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 |
| **Total General Fund** | 37.5 | 44 | 55 | 61 | 64 | 72 | 83 | 89 | 116.5 | 127 |
| **ENTERPRISE FUNDS** | | | | | | | | | | |
| Storm Drainage | - | - | - | - | 1 | 1 | 1 | 1 | 2 | 2 |
| Utility Billing | 1 | 2 | 2 | 2 | 2 | 1.5 | 2.5 | 2.5 | 2.5 | 3 |
| Wastewater | 2 | 2 | 2 | 2 | 2 | 3 | 5 | 6 | 4 | 4 |
| Water | 5 | 5 | 5 | 5 | 5 | 7 | 8 | 10 | 14 | 15 |
| **Total Enterprise Funds** | 8 | 9 | 9 | 9 | 10 | 13 | 17 | 19.5 | 22.5 | 24 |
| **CAPITAL PROJECTS FUND** | | | | 1 | 1 | 1 | 1 | 1 | 1 | - |
| | 45.5 | 52.5 | 63.5 | 71 | 75 | 85 | 100.5 | 109.5 | 140 | 151 |

Source: Town of Prosper Annual Budget